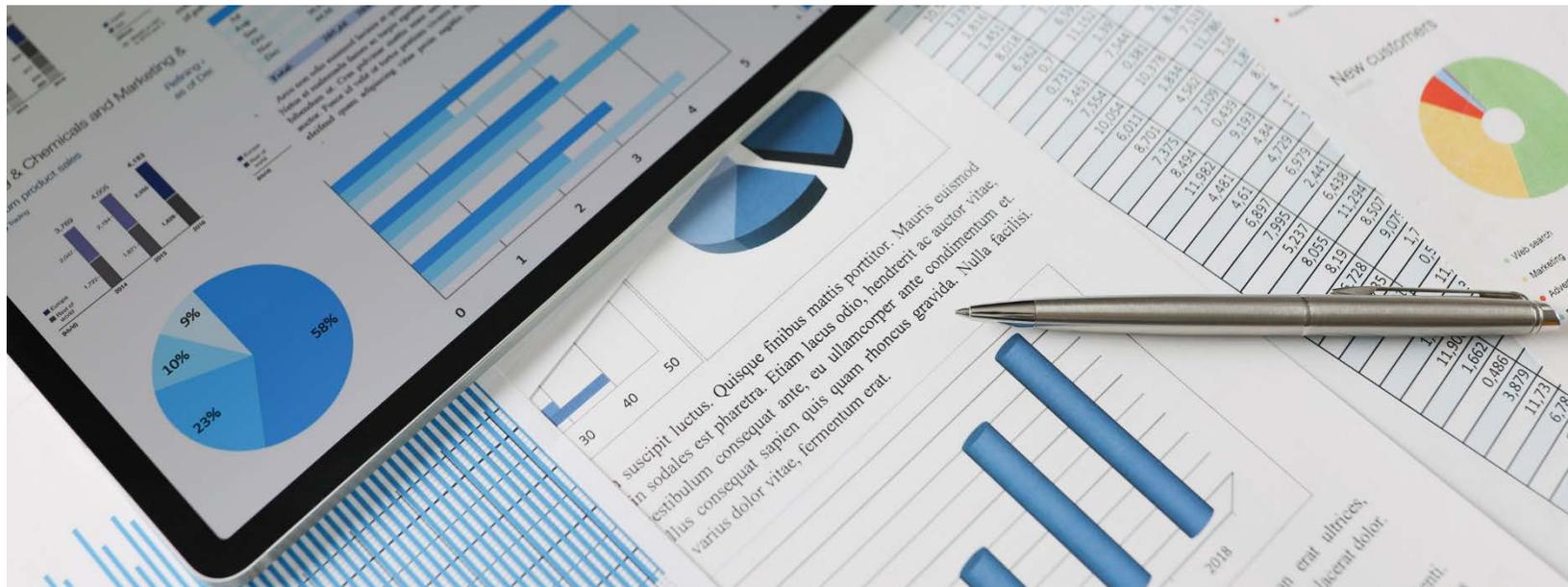


Disability Services Financial Benchmark Report 2023



The StewartBrown June 2023 *Disability Services Financial Benchmark Report* incorporates detailed financial and supporting data from **51 participating organisations, 977 SIL homes and 26,646 NDIS participants across Australia.** The report provides invaluable insight into the trends and drivers of financial performance at the sector, organisational and individual service level.

12 months ended 30 June 2023

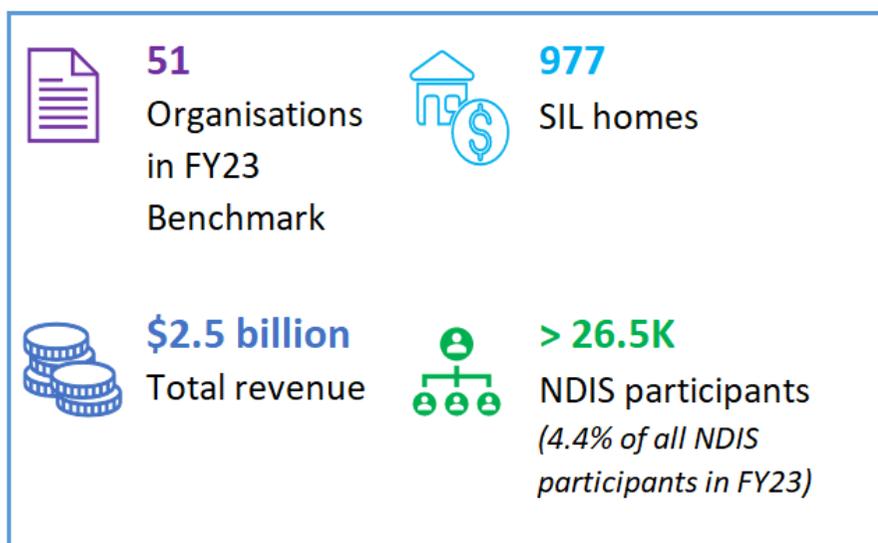
CONTENTS

1. EXECUTIVE SUMMARY.....	3
Abstract	3
About the StewartBrown Benchmark.....	4
FY23 Results Snapshot – StewartBrown Benchmark.....	6
2. FINANCIAL RESULTS - KEY METRICS.....	9
Organisation (Provider)	9
Operating Performance by Service Type	15
SIL Performance.....	20
Daily Living Non-SIL Performance.....	23
S&CP Performance.....	25
Allied Health Performance.....	27
Employment	29
Support Coordination	31
3. GLOSSARY	33

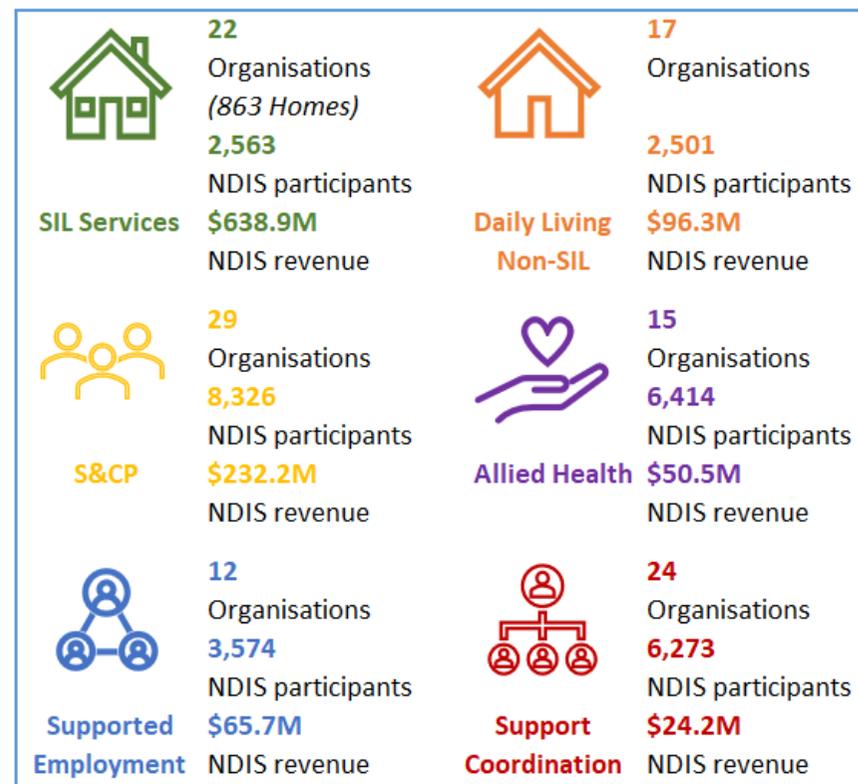
1. EXECUTIVE SUMMARY

Abstract

The *Disability Services Financial Benchmark Report* (Benchmark) June 2023 (FY23) provides an overview of the financial performance of the disability services sector in Australia. It is based on the results of the StewartBrown Benchmark for the 12 months ended 30 June 2023 which includes the below metrics.



Refer Glossary, which provides a graphical depiction of the Data Collection, Data Cleansing and Benchmark Metrics processing.



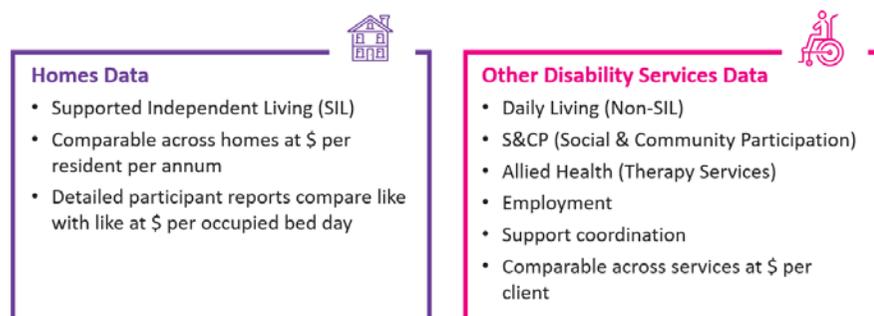
About the StewartBrown Benchmark

Benchmark Outline

The StewartBrown Benchmark is a subscription-based service, currently six-monthly (with the aim of becoming quarterly), providing an extensive level of data at a detailed and granular level.

The Benchmark is primarily for the benefit of disability service providers, enabling them to assess their financial performance and make informed strategic decisions on both an individual SIL home and services (support types) basis.

Service level benchmarking is grouped as:



At each service level, providers compare their performance on several metrics, through a range of data attributes, including participant support needs (via banding of revenue levels), staffing levels (cost and hours), geographic region, and administration. SIL homes have additional data attributes such as number of bedrooms, whether it is an SDA home, and the type of building.

The Benchmark participants utilise an interactive website with high-level dashboards and the ability to drill down on all data fields as required. Business intelligence (Power BI) tools have also been developed for Benchmark participants.

A secondary benefit is that as the dataset continues to grow, the de-identified aggregate data will be available to enhance detailed analysis and provide important year-on-year trend results.

This Disability Services Benchmark was conducted for the 12 months ended 30 June 2023 (FY23). This includes comparative data (for the 12 months ended 30 June 2022 (FY22)). Our third Benchmark will be for the six-month period to December 2023, with the progression being to conduct quarterly Benchmark collection and reporting. StewartBrown will also release a Corporate Administration Benchmark in early 2024. This will enable providers to drill down into the key drivers of this expense classification and compare their performance against various data points.

Each Benchmark participant completes detailed data input sheets for the respective Benchmark period. Once received, the data undergoes a substantial cleansing and checking process (refer Glossary) which identifies all material variances, by comparison to previous periods for each home/service and comparison to equivalent benchmark homes/services. All variances identified through this cleansing process are followed up with the respective provider for comment and further amendment if required.

Outliers and Exclusions

To ensure accurate and relevant benchmark comparison, all outlier disability services are excluded from the Benchmark results. Examples of outliers include:

- Revenue and expense lines that are out of range with supporting explanation
- Homes/services closed during the financial year
- Recently acquired homes/services undergoing structural/operational changes
- Homes undergoing major refurbishment

In relation to the FY23 benchmark, 26 SIL homes were excluded (3%); 2 services from S&CP were excluded (6%); 1 service from Supported Employment was excluded (8%); and 1 service from support coordination (4%).

Benchmark Comparison Terminology

The Benchmark *average* is calculated as the weighted average for all providers, homes or services and is representative of the sector. Other commonly used cohorts are the *First Quartile/ First 25%* and *Last Quartile/ Last 25%*; *First 50%* and *Last 50%* which effectively refer to the best and worst performers in the survey (on an organisational or service level) based on financial performance. Refer to glossary for further definitions.

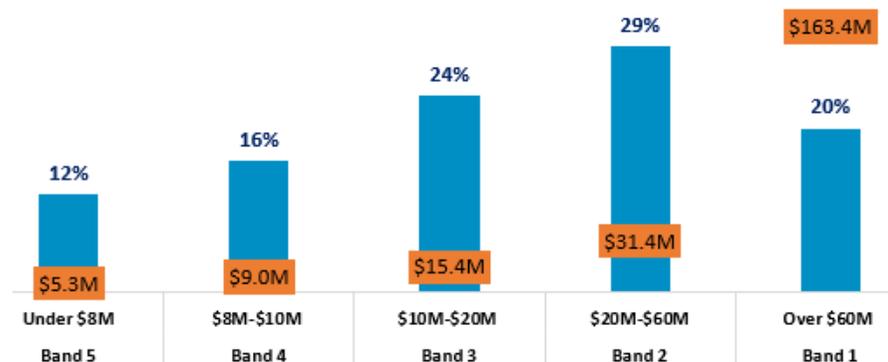
StewartBrown provides detailed P&L information to allow the comparison of revenue and expense items on a line-by-line basis across these cohorts. For SIL homes, the comparative metric in this report is \$ per resident per annum. For the detailed participant reports it is \$ per occupied bed day (\$pbd). For all other disability services, we use \$ per client (\$pc) per annum. Refer to glossary for further explanations.

Comparison to Whole of Sector Results

FY23 Benchmark Composition

The Benchmark comprises a broad cross-section of disability providers. The data set is representative across the sector in terms of revenue size as in *Figure 1*:

Figure 1: Composition of Benchmark Participants by Revenue Bands and Average Operating revenue (\$) per Band



The FY23 Benchmark collection had a strong weighting towards not-for-profit providers and contains only registered providers within the cohort of 51 organisations.

StewartBrown's analysis of the NDIA data for FY23 indicates that providers supporting agency managed participants received on average \$1.4m. These providers also receive payments from plan managers (for participants with a plan manager). Additional payments may have also been received from self-managed participants. The top 10 providers received a total of \$2.15 billion (which includes

both agency payments and total payments from Plan Managers for plan managed supports). This equates to an average payment of \$214.1m per provider. In contrast the average payment to providers servicing participants through a plan manager was \$104,709. We have observed a robust correlation between the operators in the Benchmark and the sector's registered providers, confirming the representative nature of the Benchmark.

FY23 Market Composition

StewartBrown has further analysed the NDIA quarterly data and provide the following synopsis for the position of the market for disability services during FY23:

- Total dollar value of NDIA payments of \$34.7 billion (FY22: \$27.7 billion)
- On average, the top 10 providers received approximately 6.2% of the total funding, other registered providers received 60.4%, unregistered providers 20.7% (up from 17.6% in FY22) with the remaining 12.8% of funding to providers of unknown type (mostly self-managed funds)
- 9,555 active providers who received a payment in the last quarter of FY23
- 166,641 providers servicing participants through a plan manager - among these providers, 13,343 were registered at some point during the quarter
- The weighted average quarterly payment to unregistered providers was \$13,276; however, 65 providers received, on average, \$1.9 million per quarter, indicating a cohort of relatively significant-sized unregistered providers

FY23 NDIS market snapshot:

611k
Active Participants
Increase of 14%

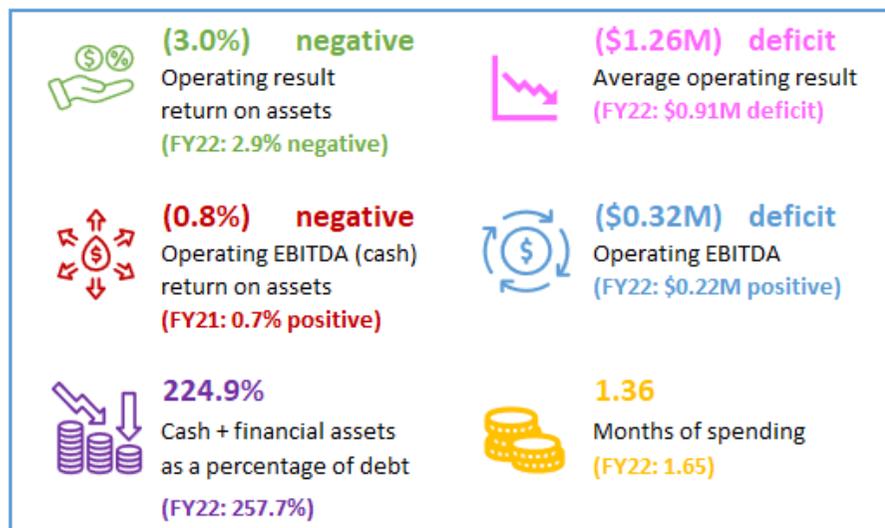
PAYMENTS:
\$34.7B
Increase of 26%

170k+
Active Providers
Registered & Unregistered
21% Growth

Payments To Top 10
Providers
6.2%
Reduction of 0.3%

FY23 Results Snapshot – StewartBrown Benchmark

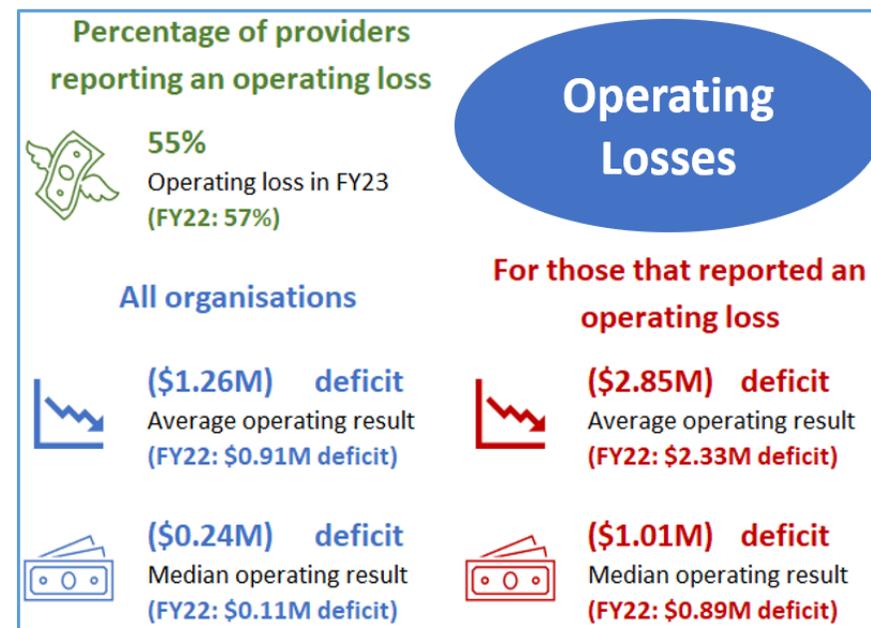
FY23 Provider (Organisation) Snapshot - Aggregate



The sector on average continues to operate in deficit with a concerning increase in the average deficit from FY22 of \$0.91m per provider to be an **average deficit of \$1.26m per provider for FY23**.

This deficit results in an erosion of provider balance sheets and cash reserves with a **negative operating result return on assets of 3.0%** and importantly the **operating EBITDA (cash) return on assets is negative 0.8%**. Continued cash losses have implications for financial viability and sustainability of providers.

The results should be considered in the context of the 9% uplift in the pricing of NDIS supports in place for FY23 which has not resulted in an improvement in operating performance at an organisational level.



The percentage of organisations that incurred losses decreased slightly from 57% in FY22 to 55% in FY23. It is important to note that the losses are increasing for organisations in a loss-making position. In FY23, these organisations, on average, reported a deficit of \$2.85 million. Consequently, although there has been a modest reduction in the number of organisations experiencing losses, the severity of these losses is increasing.

On a positive note, the decrease in the percentage of providers reporting an operating loss from 57% to 55% is evidence that some providers have managed to achieve a turnaround in their financial performance within a challenging operating environment.

FY23 Operating result by service type

A significant advantage of the Benchmark lies in its capability to delve into specific service types and evaluate their operational performance as independent services. Our data collection process encompasses six distinct service cohorts ('services'). Specifically, SIL data is gathered at the individual home level, offering a substantial level of granularity. This enables organisations to pinpoint potential weaknesses at a granular, home-by-home level.

Figure 2: Operating margin by service type

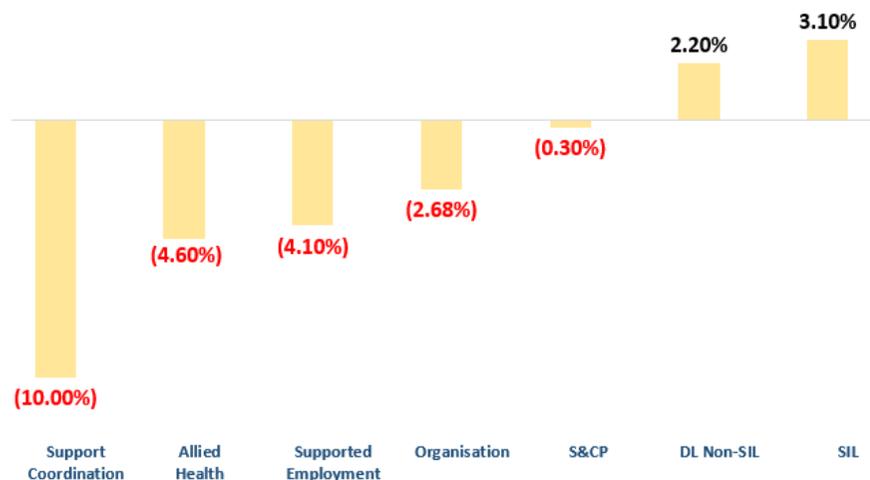
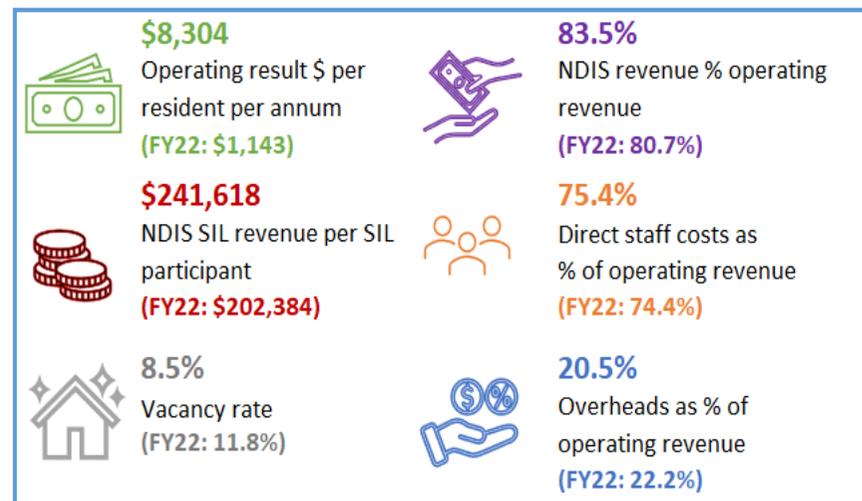


Figure 2 shows four out of the six services are operating at a loss. The organisation (provider level) operating result is also a loss. Given, the price increases outlined in the 2022-23 NDIS Price Guide (excluding Support Coordination and Allied Health which have not received an uplift in pricing in several years) and the organisational negative financial result, it is evident that the sector is facing substantial financial challenges.

This report will provide a detailed examination of each service line to identify the key factors that influence overall financial performance.

SIL Snapshot



The SIL operating result of \$8,304 per resident per annum for FY23 is an improvement on FY22 (\$1,143 per resident per annum). This is due to increased revenue and reductions in vacancy rates.

The NDIS SIL revenue per SIL participant is a comparable measure to the NDIA data on average SIL payments. For FY23, the average payments for SIL core supports were \$298,300. For the homes in the StewartBrown dataset, the average was \$241,618.

Vacancy rates have fallen from 11.8% for FY22 to 8.5% for FY23.

This has seen the number of SIL homes making a loss reduce from 52.7% to 41.6% from FY22 to FY23.

However, direct staff costs as a percentage of operating revenue continue to rise and there is an increasing gap between the *First Quartile* and *Last Quartile*. This is analysed in more detail later in this report.

Other Disability Services (non-SIL) Snapshot

	Daily Living Non-SIL	S&CP	Allied Health	Employment	Support Coordination
 Operating result \$ per client per annum	\$873 (FY22: \$1,340)	(\$92) (FY22: (\$1,959))	(\$387) (FY22: \$1,462)	(\$929) (FY22: \$870)	(\$398) (FY22: (\$125))
 NDIS revenue as % of operating revenue	94.7% (FY22: 95.7%)	95.5% (FY22: 92.0%)	85.0% (FY22: 64.1%)	39.6% (FY22: 36.1%)	96.9% (FY22: 98.1%)
 Overheads as % of operating revenue	23.2% (FY22: 19.3%)	29.2% (FY22: 32.9%)	33.7% (FY22: 31.1%)	30.3% (FY22: 31.3%)	21.6% (FY22: 23.4%)
 Direct staff costs as % of operating revenue	73.5% (FY22: 76.5%)	69.1% (FY22: 69.8%)	68.1% (FY22: 54.0%)	57.1% (FY22: 48.2%)	88.4% (FY22: 80.0%)

- There is a clear deterioration in operating results with four out of five services recording an average operating loss per client and all except one service (S&CP) recording a worse result in FY23 as compared to FY22
- Overheads refers to corporate overheads (refer to glossary for definition) that are allocated to the services and varies across service levels. Allied health is the highest overhead % of operating revenue whilst support coordination has overtaken Daily Living Non-SIL as the lowest overhead percentage
- Direct staff costs as a percentage of operating revenue have a correlation with NDIS revenue concentration. Employment has a lower percentage of staff costs as a percentage of revenue due to the inclusion of other revenue such as business services revenue and fee-for-service revenue from private clients

2. FINANCIAL RESULTS - KEY METRICS

Organisation (Provider)

Table 1: Summary Organisation KPIs

Organisation Snapshot	FY23	FY22	Difference (YoY)
Operating result return on assets	(2.99%)	(2.87%)	↓ (0.12%)
Operating result	(\$1.26M)	(\$0.91M)	↓ (\$0.35M)
Operating EBITDA (cash) return on assets	(0.76%)	0.71%	↓ (1.47%)
Operating EBITDA	(\$0.32M)	\$0.22M	↓ (\$0.54M)
Operating revenue	\$46.92M	\$41.96M	↑ \$4.96M
NDIS revenue as % of operating revenue	56.50%	58.37%	↓ (1.86%)
Total staff costs % of operating revenue	77.46%	77.95%	↓ (0.49%)
Overheads % of operating revenue	34.39%	32.55%	↑ 1.84%
Cash + financial assets as % of debt	224.88%	257.73%	↓ (32.85%)
Months of spending	1.36	1.65	↓ (0.29)
Total assets	\$43.15M	\$40.60M	↑ \$2.56M
Total liabilities	\$23.20M	\$21.55M	↑ \$1.65M
Net assets	\$19.95M	\$19.05M	↑ \$0.91M

Operating Performance

The operating performance is for the 12 months to Jun-23 and comparative period to Jun-22. The results for each year reflect the NDIS pricing as applicable for the respective period. The FY23 results incorporate the NDIS pricing changes introduced during FY23, in particular the 9% pricing increase as part of the 2022-23 Annual Price Review. This context is significant when evaluating the FY23 results.

The operating result excludes non-recurrent revenues such as revaluation increments, non-operating donations, bequests, fundraising, gains on asset sales and non-recurrent expenses including revaluation decrements, impairment, and asset sale losses.

This exclusion is essential to facilitate accurate data comparison by eliminating items that could distort operational results and impact on the ability to make meaningful like-for-like comparisons.

Table 2: P&L Summary (average by Provider) – Year on Year

Organisation Snapshot	FY23	FY22	Difference (YoY)	Growth (YoY)
Revenue				
Operating revenue	\$46.92M	\$41.96M	↑ \$4.96M	11.82%
Expenses				
Cost of Sales	\$1.09M	\$0.95M	↑ \$0.14M	15.10%
Opex - All staff costs	\$36.34M	\$32.71M	↑ \$3.64M	11.12%
Opex - Other	\$10.74M	\$9.22M	↑ \$1.52M	16.54%
Operating result	(\$1.26M)	(\$0.91M)	↓ (\$0.35M)	37.86%

- Operating result for FY23 **decreased** to an average **deficit** of \$1.26m **per provider** (FY22: \$0.91m deficit)
- NDIS revenue concentration has decreased from 58.4% (FY22) to 56.5% (FY23)
- Operating revenue increased, as expected, to an average of \$46.92m per organisation which is an increase of 11.82% from FY22
- The increase in revenue is almost entirely offset by the increase in staff costs, including both direct and indirect staff. It is worth noting that the SCHADS award base rates only increased by 4.6% as at 1 July 2022.
- Costs of sales pertain to the goods consumed in the production process, primarily stemming from employment services.
- CPI (national) resulted in a general cost uplift of 6.5% for FY23 however per the Benchmark, other costs increased by 16.54%. The key movements in non-staff costs were as follows:
 - Repairs and maintenance increased by 36.07% to \$778k from \$571k
 - Technology expenses increased by 25.31% to \$1m from \$791k
 - Professional fees increased by 41.06% to \$510k from \$362k

The costs of operating in the disability space, both direct and indirect, continue to increase. From a strategic perspective it is positive to see an increase in spending on technology however the close correlation between the uplift in revenue and the uplift in wages is of concern.

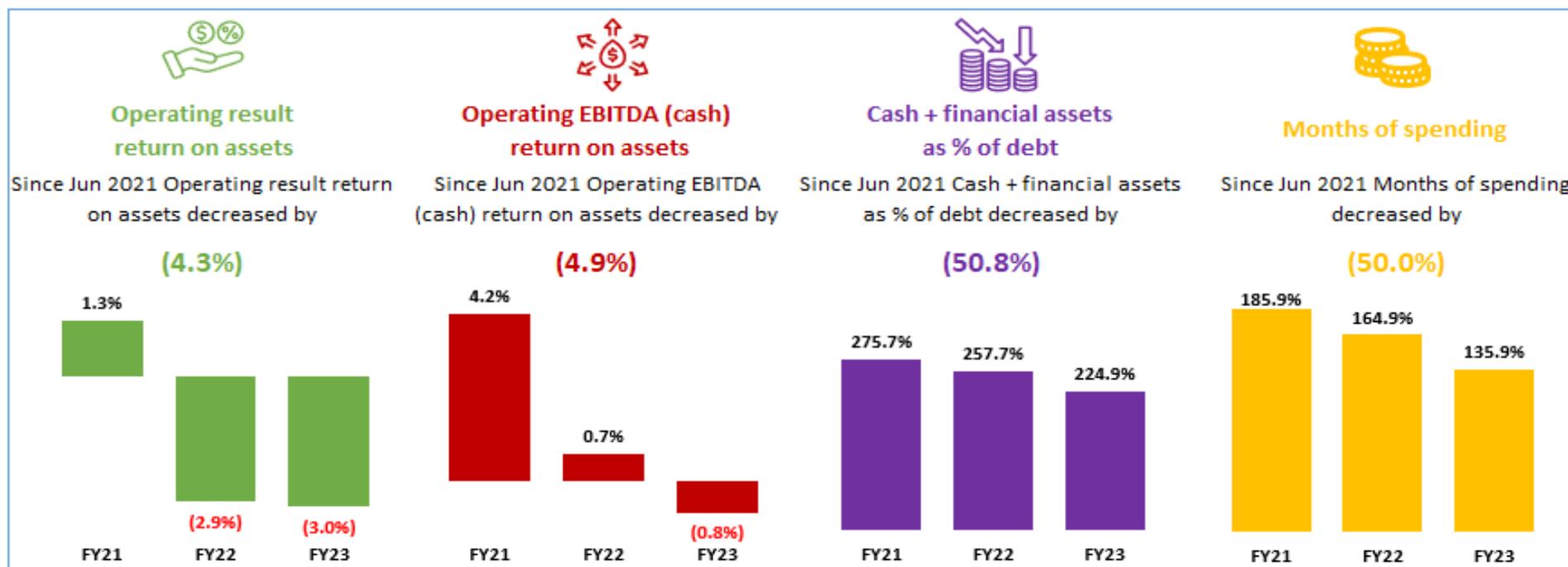
Figure 3: Percentage of organisations with an operating loss for FY21, FY22 and FY23 in StewartBrown FY23 Benchmark Analysis



- **55% of organisations in the Benchmark reported an operating loss for FY23**, an improvement from 57% in FY22.
- The average operating margin was a loss of **2.68%** with the *Last Quartile* reporting an average operating loss of **5.41%** and *First Quartile* reporting an average operating profit of **5.08%**
- Of the 55% of organisations with an operating loss for FY23, the average operating result for this cohort was a \$3.01m deficit. That same cohort made an average loss of \$2.33m in FY22. The losses are increasing year on year for the organisations that are loss making.

The average operating loss is an unsustainable result and effects both the investment in the sector and the ongoing viability of a number of providers.

Organisation Key Metrics



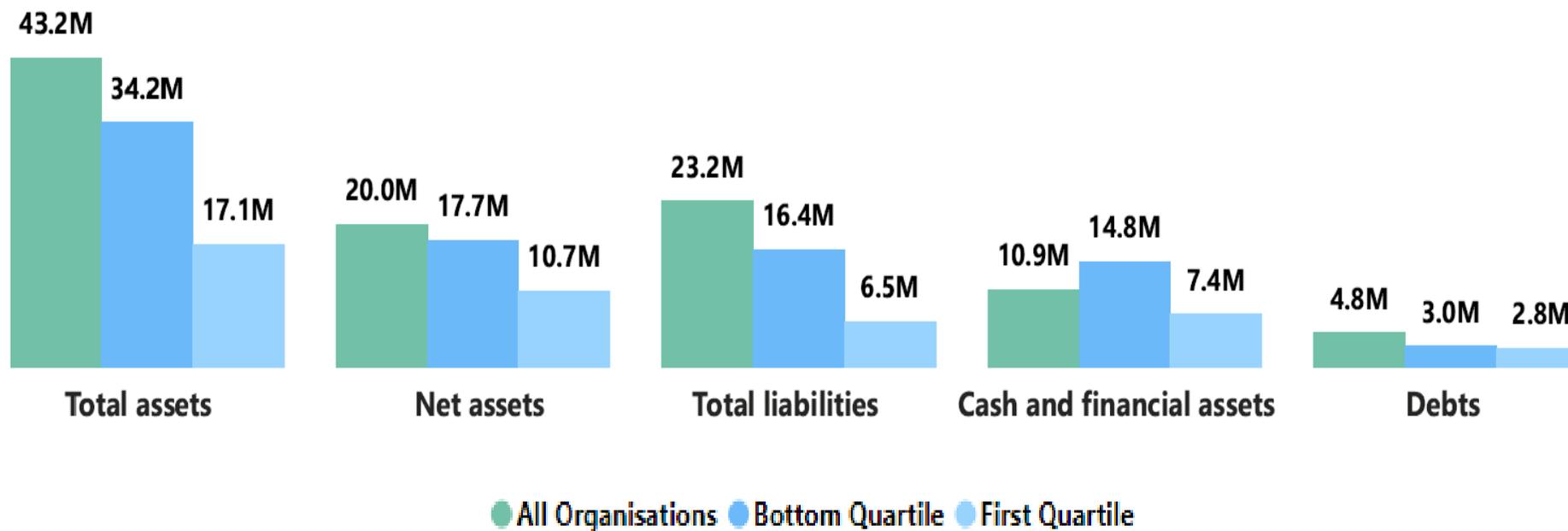
Balance Sheet analysis

- The operating result return on assets ratio has decreased by 0.1% to a negative 3.0% for FY23 (FY22 negative 2.9%)
- Operating EBITDA (cash) return on assets has also decreased from 0.7% (FY22) to a negative 0.8% (FY23). Cash balances are declining along with the net asset position
- Disability service providers' balance sheets are comprised of fairly low levels of cash and financial assets and even lower debt in comparison to other community services sectors. The Liquid Cash Assets to Debt ratio (cash + financial assets as a percentage of debt (unspent funds + borrowings)) is 225% for FY23 (FY22: 258%). Ultimately, this reflects the very low levels of debt rather than high cash balances; however, the downward trend should be of concern. The decrease in this metric is due to an increase in borrowings of 18%

Providers in the Benchmark are reliant on NDIS revenue and timely payments. As shown by the low months of spending ratio, they have low levels of cash to operating expenses. The target months of spending ratio across most sectors is 3.0. There is a risk that delays in NDIS payments and the reliance on NDIS revenue will impact on the financial viability of providers.

Organisation Overview – Balance Sheet Quartile Comparison

Figure 4: Key Balance Sheet Metrics Comparison



Analysis

The above comparison shows that on average the *Last Quartile* has a healthier net asset position but a poorer operating result than the *First Quartile*. This would suggest a size disparity between the two quartiles with the composition of the *Last Quartile* being dominated by larger organisations. This is supported by the operational quartile and revenue banding analysis outlined later in this report.

Table 3: Summary Income & Expenditure comparison (average by Provider)

	Benchmark FY23 (51 Organisations) (Average)	Benchmark FY22 (53 Organisations) (Average)
	\$'000	\$'000
Income & Expenditure		
Revenue		
Disability services revenue	31,636	29,257
Other services revenue	13,973	11,777
Fundraising and donations	910	792
Investment Income	400	132
Operating Revenue	46,918	41,959
Expenses		
Cost of Sales	1,092	949
Salaries and employee benefits	36,344	32,707
Depreciation and amortisation	1,219	1,194
Finance expenses	119	75
Workers compensation premium	809	583
All other expenses	8,593	7,362
Operating Expenses	47,084	41,922
OPERATING RESULT	(1,258)	(913)
Non-operating result	1,110	714
TOTAL RESULT	(148)	(198)
Operating EBITDA	(320)	225
EBITDA	790	939
Ratios		
Operating margin	(2.68%)	1.05%
Operating result return on assets	(2.99%)	1.30%
Operating EBITDA return on assets	(0.76%)	4.18%
NDIS Revenue concentration	56.50%	60.32%
Disability services direct staff costs % of op revenue	74.79%	76.17%
Direct staff costs % of operating revenue	64.55%	65.57%
Employee expenses % of operating revenue	77.46%	76.58%
Corporate overheads % revenue	34.39%	30.02%
Workers compensation premiums as % of wages	2.23%	2.05%

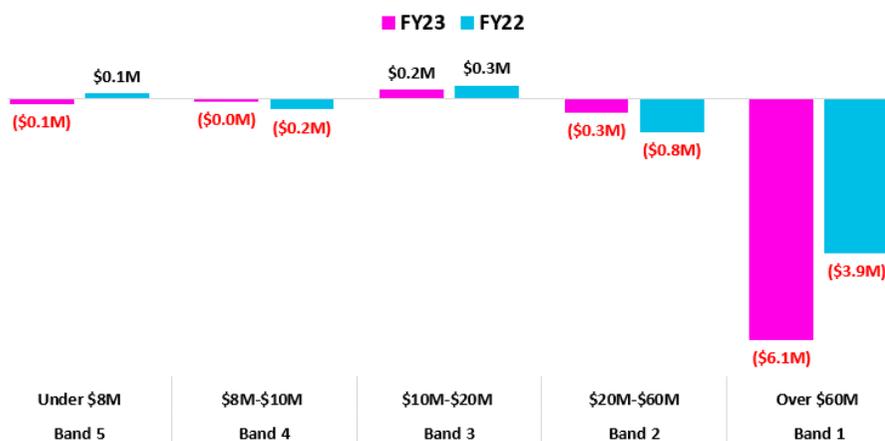
Table 4: Summary Equity (Balance Sheet) comparison (average by Provider)

	Benchmark FY23 (51 Organisations) (Average)	Benchmark FY22 (53 Organisations) (Average)
	\$'000	\$'000
Balance Sheet		
Assets		
Cash and financial assets	10,893	10,296
Operating assets	5,848	6,153
Property assets	24,584	22,258
Right-of-use assets	1,677	1,734
Intangibles	152	157
Total assets	43,154	40,597
Liabilities		
Trade and other payables	11,760	11,318
External borrowings	3,768	3,194
Employee benefits/provisions	4,701	4,387
Unearned income - NDIS accrued revenue	52	46
Unearned income - Other accrued revenue	1,024	755
Lease liabilities	1,896	1,850
TOTAL LIABILITIES	23,201	21,550
NET ASSETS	19,953	19,047
Net Tangible Assets (Liabilities)	19,800	18,890
Ratios		
Net assets proportion % total assets	46.24%	46.92%
Property assets proportion % total assets	56.97%	54.83%
NDIS debtors as a % of total debtors	30.35%	38.20%
NDIS Debtor days	8.5	12.5
Cash + financial assets % debt	224.88%	257.73%
Months of spending	1.4	1.6

Note: Between FY22 and FY23, two mergers occurred within the benchmark group.

Organisation Performance – Revenue Band

Figure 5: Operating result by revenue band – Year on Year



- Band 3 (\$10m-\$20m) is the top-performing revenue band, with the only year-on-year positive operating result. Building upon the insights provided in the preceding section of this report, the average operating revenue for Band 3 organisations was \$15.4m for FY23. Operating losses are incurred by only 33% of organisations in this band. On average, disability revenue accounts for 71% of the total revenue
- Band 1 (Large) organisations are experiencing substantial operational losses. Of concern is the trend that the losses are increasing with the average loss of \$3.9m in FY22 increasing to \$6.1m in FY23. 80% of organisations within this quartile are currently reporting operating losses, up from 73% in FY22. This contrasts with 55% of all organisations reporting losses in FY23
- The performance of Bands 2 and 4 have improved slightly for FY23
- There is a wide range between the financial performance of the *First Quartile* and *Last Quartile*. The gap between the second and third quartiles has shifted more dramatically, with the former now moving into profit and the latter shifting closer to the fourth quartile

Organisation Performance – Quartile

Figure 6: Operating result by quartile – Year on Year

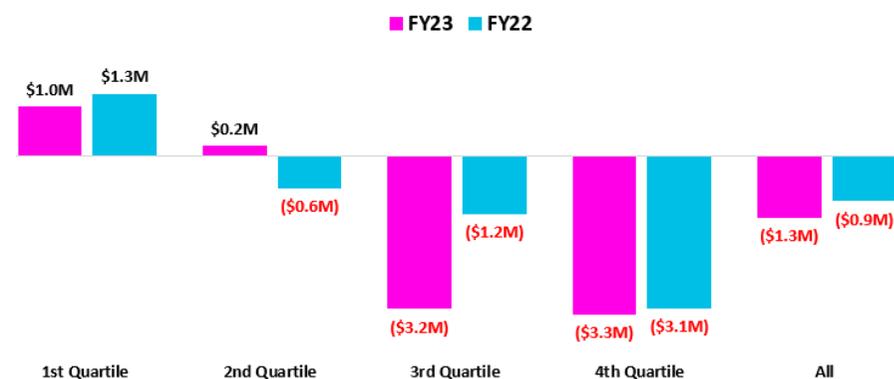


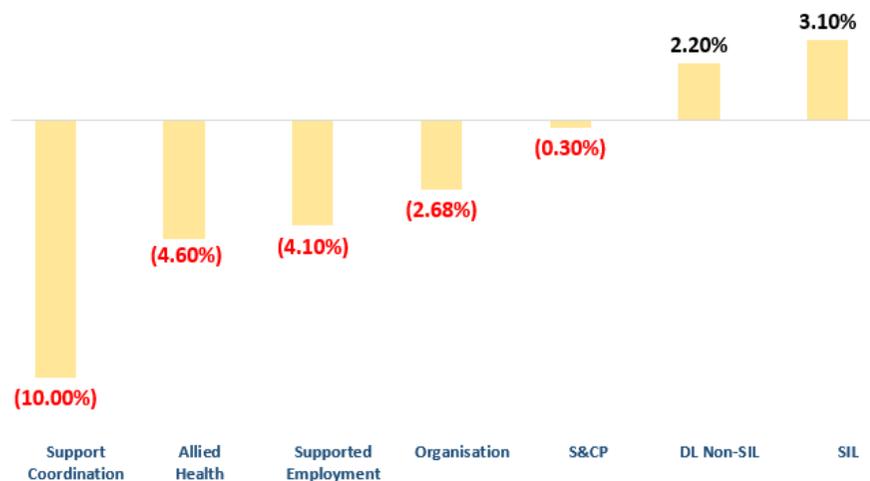
Table 5: Organisation Summary KPIs – First Quartile vs Last Quartile

	First Quartile	Last Quartile
Operating margin	5.08%	(5.42%)
Average operating result	\$1,022k	(\$3,264k)
Key differences in revenue		
Average operating revenue	\$20m	\$60m
NDIS revenue as % of operating revenue	68.07%	58.05%
Total disability revenue as % of operating revenue	74.47%	71.03%
Key differences in expenses		
Disability services direct staff costs as % of disability revenue	60.11%	82.40%
Direct staff costs % of operating revenue	56.43%	72.18%
Key differences in assets		
Property assets proportion % total assets	40.38%	26.01%

Operating Performance by Service Type

Operating Margin

Figure 7: Operating margin from lowest margin to highest margin



As expected, the operating margin (operating result as a % of operating revenue) differs significantly across the different service types.

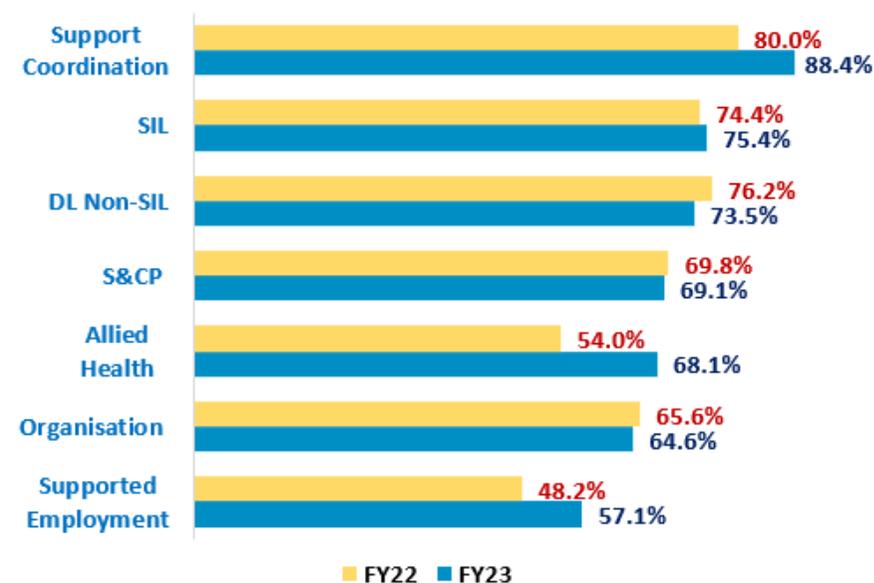
It is worth considering the pricing of supports when reviewing the above graph, given Support Coordination and Allied Health, which have the lowest margins, have not had an adjustment to pricing in a significant number of years. In particular for Allied Health, there is a substantial workforce shortage in this service, and this is directly affecting operating performance.

Some service types are almost exclusively reliant on NDIS revenue due to the nature of the service (Support Coordination and SIL) whilst others may allow for additional revenue from other sources. Supported employment includes commercial revenue from the operation of the ADE/social enterprise or business services. Allied health has a higher percentage of fee-for-service clients including non-NDIS clients and NDIS clients purchasing private services.

Staffing and Billable Hours

The disability sector is, by its nature, staff intensive. In FY23 all services now have staff costs greater than 50% of operating revenue with Support Coordination as the highest with 87.9%. This means that there is less operating revenue to contribute to direct non-staffing costs, corporate overheads, administration, and an operating margin.

Figure 8: Direct staff costs as % operating revenue



Billable hours refer to hours worked by an employee that were billed to a client. This includes face to face supports and billable non-face to face supports as well as billable travel time under the NDIS. It also includes hours with fee-for-service clients that can be billed. It excludes breaks, training, annual leave and other forms of leave and non-billable administration tasks.

The productivity rate refers to the proportion of an employee’s worked time that is billable. In the Benchmark it is calculated as billable hours/normal worked hours plus overtime hours. This measure excludes other hours such as training and leave.

Although all providers agreed that billable hours and productivity rate are important metrics, there was a range of responses and the current ability in providing this data. Some providers were able to submit good quality data on billable hours, some needed to investigate their systems and data to develop a method of estimating billable hours, whilst others were unable to provide billable hours for this benchmark period.

The NDIA/Deloitte Access Financial Benchmarking TTP Survey has published information on billable hours and Productivity rate. However, reference to the underlying data source shows that the data on billable hours is taken from a specific question “on average over the financial year... what proportion of time did an average disability support worker spend on the following activities.” The list included billable time (including billable travel), non-billable travel, training, breaks, client-related administration, general administration, and other tasks and total.

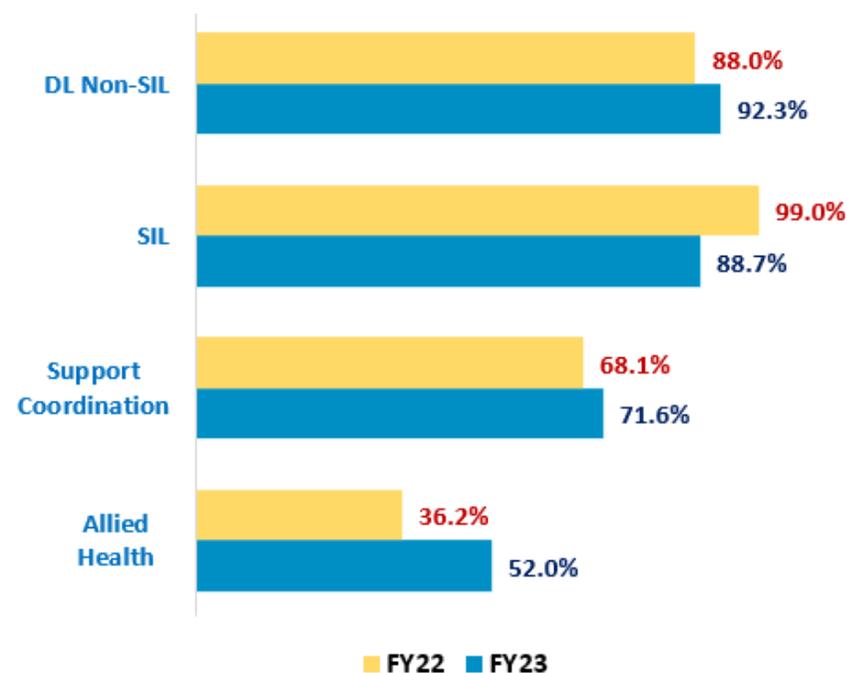
Analysing this data as a percentage, on average, across all service types and across all employees is less robust than collating and measuring data on the billable hours and worked hours, which is the methodology used for the Benchmark.

Further clarification was required at to what was worked hours, billable hours, and service hours. The following example illustrates the differences.

Example: worked, billable and service hours

Sharon worked 40 hours in one week including 2.5 hours overtime. During this week, she spent 4 hours on training and 8 hours on annual leave. This means her **normal hours** are 25.5 (40 - 4 - 8 - 2.5); **overtime hours** are 2.5 and her other hours are 12 (8+4). 24 hours are chargeable as they included face-to-face supports and billable travel. She delivered these 24 hours through SIL supports to 3 clients. The 24 hours are her **billable hours**. The total **service hours** (those that are included in the participants funding and the provider receives income for are 72 hours (24 hours x 3 clients via a 1:3 ratio). Sharon’s **productivity rate** is 86% (24 billable hours/ (25.5 normal hours + 2.5 overtime hours).

Figure 9: Productivity rate of front-line staff across different service types



The Benchmark productivity rate for each service type is shown in *Figure 9: Productivity of front-line staff across different service types*. The productivity rate metrics for S&CP and Supported Employment were unable to be provided due to the difficulties faced by some providers in collecting this data.

The productivity rate of 88.7% for SIL reflects the nature of SIL services and the fact that they are staffed 24/7. Allied health productivity rates could be impacted by billable hours only relating to NDIS participants and not including fee-for-service billable hours. Further work with participating providers will improve the collection of this metric.

Due to some inconsistency in splitting out direct staff costs and hours into front-line workers (FLW) and front-line supervisors (FLS) the productivity rate is shown for all front-line staff for this Benchmark. Front-line staff therefore refers to both front-line workers and front-line supervisors i.e. the direct staff in the disability services provider.

Corporate Overheads

Corporate Overheads at an Organisational Level

The NDIA cost model refers to operational overheads and corporate overheads. Reference to overheads in this report is to **corporate overheads**. The NDIA defines corporate overheads are “those costs incurred to run the administrative side of a business. These costs include the accounting, human resources, legal, marketing, and information technology functions.”

Generally, in the care sector and other sectors the key metric for corporate overheads is “overheads as a percentage of operating revenue.” The NDIA cost model refers to overheads as a percentage of direct costs and sets the ‘efficient’ rate for corporate overheads as % of direct costs as 12.0% for FY23. This rate was adjusted in FY22 when the NDIS adjusted the cost model to uplift the rate from 10.5% to 12.0%. Relevant footnotes in the guidance released with pricing in that year referenced that the uplift was due to shifts in the data released as part of the Deloitte Access Economics Final report - Temporary Transformation Payment Benchmarking Survey National Disability Insurance Agency May 2020 (‘TTP Survey FY20’). StewartBrown would therefore conclude that the NDIA’s basis for “efficient” would be loosely linked to the 25th percentile of the TTP Survey FY20.

StewartBrown uses the term “loosely” as the NDIA went on to state that they had made adjustments to account for what they considered to be variables outside of the TTP Survey FY20’s cohort. It is worth examining the deviations between the TTP Survey FY20 and the NDIS Cost model as per the table below:

Table 6: History of Overhead rates used in NDIS Pricing

Overhead Basis (History)	Corporate overheads % direct costs
NDIA ‘efficient’ rate 2017-2021	10.5%
2020 Average*	27.7%
2020 25 th percentile*	19.8%
NDIA ‘efficient’ rate post TTP 2020	12.0%
CPI net uplift from FY20-FY23	16.4%

* Source: Deloitte Access Economics Final report – Temporary Transformation Payment Benchmarking Survey, National Disability Insurance Agency, May 2020

StewartBrown has designed the data collection and data definitions as closely as possible, to the definitions upon which the NDIA based the 12.0% rate. In the table below, the composition of overheads across the key areas for FY23 and FY22 is compared to the TTP Survey FY20.

Table 7: Composition of Organisational Overheads

	SB Benchmark	SB Benchmark	TTP
COMPOSITION OF OVERHEADS	FY23	FY22	FY20
Corporate and management staff costs	38%	38%	41%
Building/Asset Costs (owned/rented)	25%	24%	23%
Corporate Expenses	31%	30%	32%
Technology	6%	6%	5%
Education & quality control	1%	1%	n/a
TOTAL	100%	100%	100%
Corporate overheads % revenue	34.4%	32.6%	
Corporate overheads % direct costs	52.1%	48.3%	27.7%

For a more detailed analysis, the organisations were categorised into quartiles based on their corporate overhead as a percentage of revenue. This classification enabled us to compare the characteristics and attributes of two distinct groups: the *First Quartile* with the highest corporate overhead as a percentage of revenue and the *Last Quartile* with the lowest. The results of the analysis concluded:

- **The ability to manage corporate overhead is independent of an organisation's size**
- **Diversifying across multiple sectors can lead to higher corporate overhead**
- **Organisations with already high overhead rates are experiencing further increases in rates**

The control of corporate overhead is becoming increasingly important in this sector.

Corporate Overheads at a Service Level

The corporate overhead in each service reflects both the directly attributable administration costs as well as a corporate recharge. The directly attributable administration costs may include administration staff costs, education & quality control expense, insurances, rent and property outgoings, utilities, interest expenses, technology expenses, motor vehicle expenses amongst others.

Allied Health has the highest corporate overhead percentage of operating revenue at 33.7% whereas Support Coordination and SIL have the lowest at 21.6% and 20.5% respectively. Corporate overheads as a percentage of direct costs are significant, ranging from 24.4% for Support Coordination services to 47.4% for Allied Health services.

Corporate overhead expenses at the organisational level continue to rise annually, and the effects of the planned sector-wide reforms are expected to accelerate this trend rather than mitigate it.

Figure 10: Corporate overheads as % of operating revenue by service type

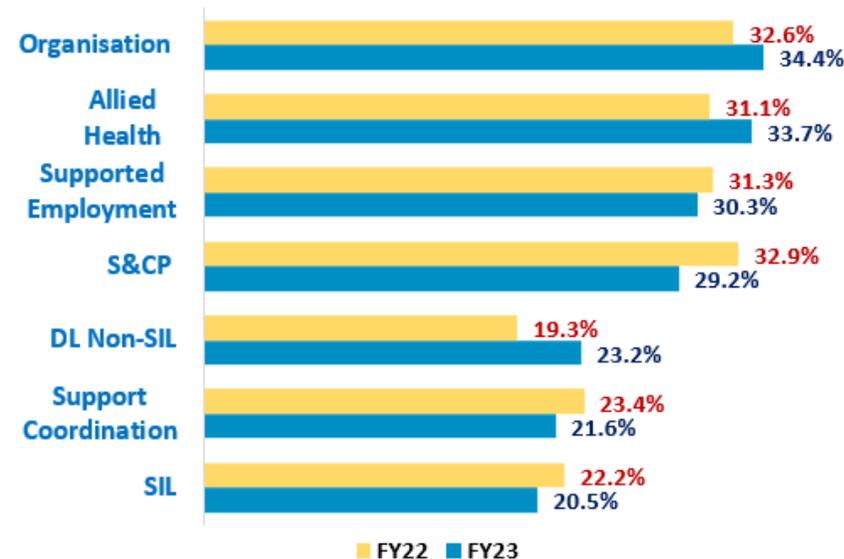
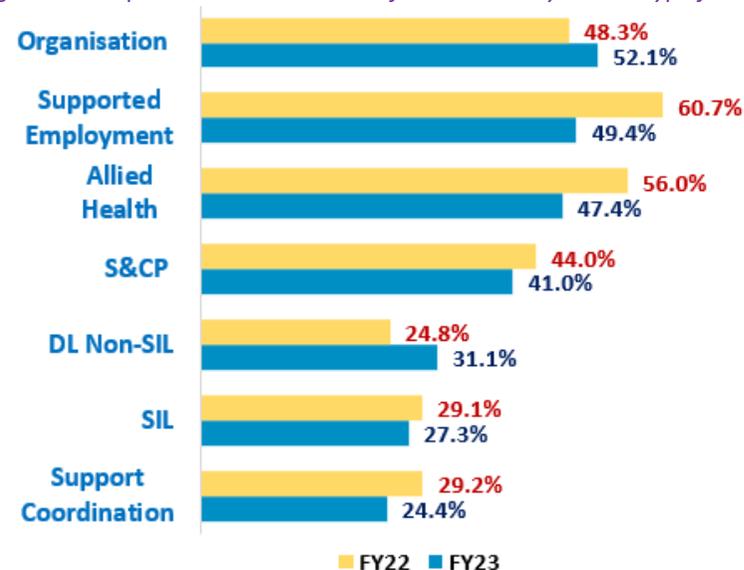


Figure 11: Corporate overheads as % of direct costs by service type for FY22

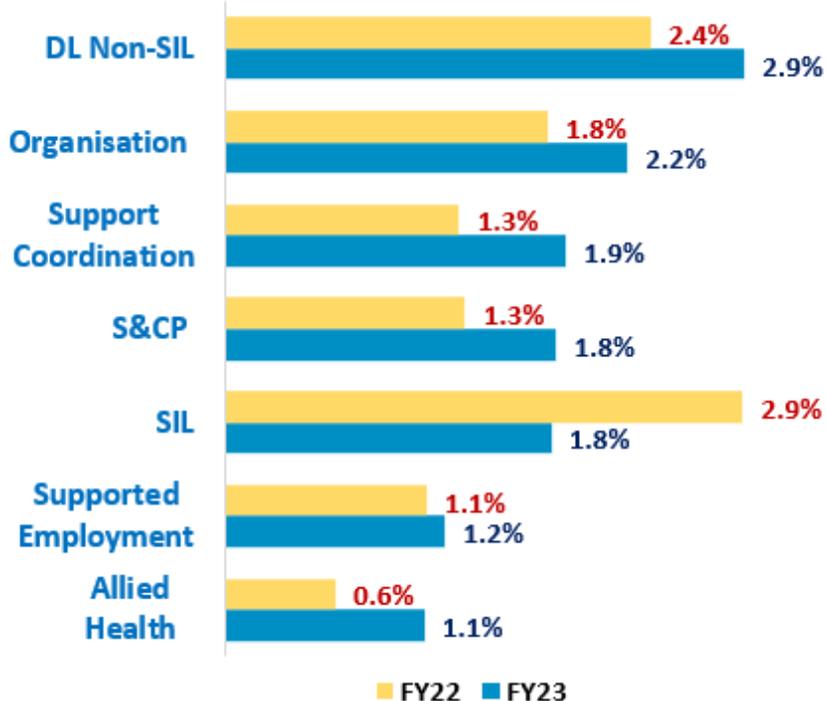


Workers Compensation

The NDIA Cost Model set the efficient cost for workers compensation at 1.7% of wages. At an organisation level workers compensation as a percentage of wages was 2.2% for FY23 up from 1.8% in FY22.

This KPI clearly differs across service types - the highest premiums are those for workers providing Daily Living Non-SIL supports.

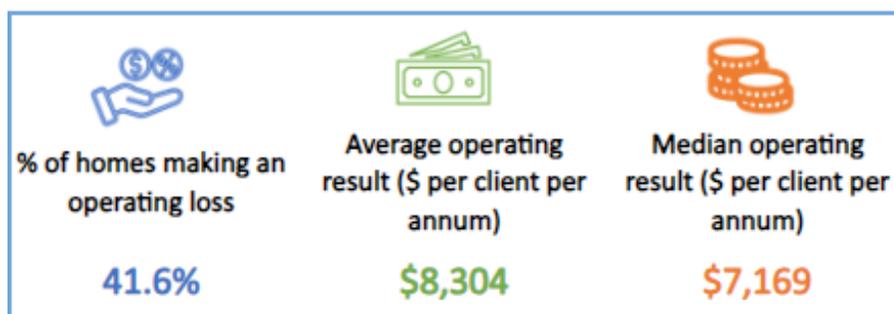
Figure 12: Workers' compensation as % of staff costs by service type for FY22



SIL Performance

The SIL services benchmark collects data at an individual home level. Providers submit their financial and non-financial data for each home. In this way, providers can assess the financial sustainability and make informed strategic decisions around the ongoing viability of each home. Providers may choose to continue operating loss-making homes as part of their mission but are able to quantify the impact these homes have on their bottom line.

For FY23 there were close to 900 homes in the dataset. Several homes were removed as part of the cleansing process, leaving 863 homes.

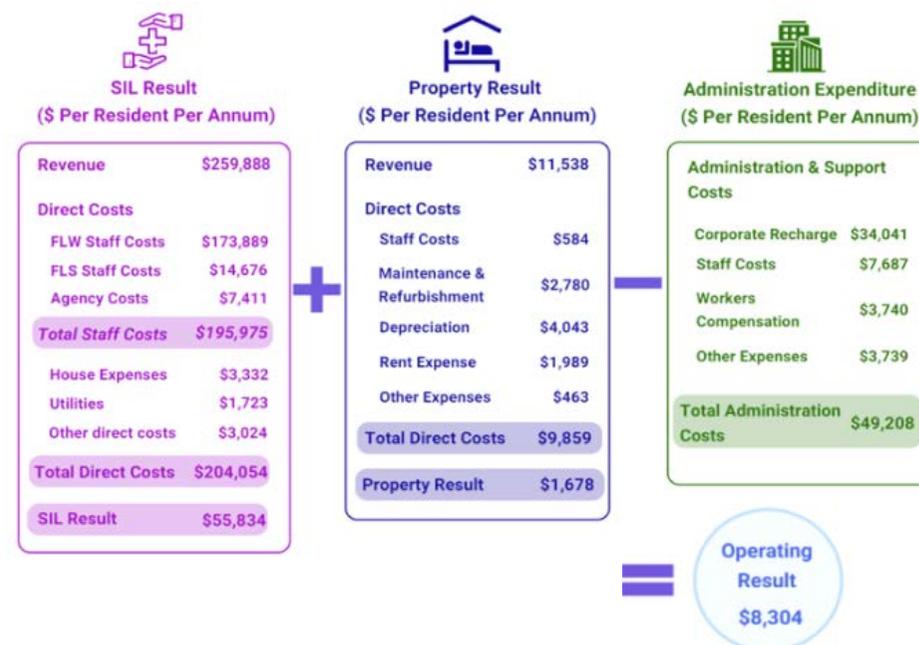


Given 41.6% are making losses, the median and average speak to the disparity of results in the cohort.

When examining the SIL performance, the income and expenses are grouped into the following categories:- SIL result, Property result and Administration Expenditure. Refer to Glossary for detailed definitions of each category. Figure 13 sets out the results by category and the overall operating result for FY23 for SIL Services.

FY23 saw some positive signs emerging from the SIL data with all cohorts seeing increased revenue and improvements in operating results. The key drivers of this were a decrease in administration and support costs. Tables 8 and 9 (on the following page) show the year-on-year comparison for all homes and those in the *First Quartile*.

Figure 13: SIL Operating Result Snapshot (\$ per resident per annum)



Note on Property Result

StewartBrown has discussed the inclusion of Property in the operating result for SIL with several providers and notes that there is no current consensus in the sector for the treatment of property related revenue and costs. There are several different models of operation – providers may own the SIL homes in their operating entity or in a separate related entity. Alternatively, providers may rent the SIL homes or partner with an SDA provider.

Some providers allocate the property revenue and expenses to the homes whilst others keep it separate in the property management business unit. Despite the differences in treatment, for providers to continue to provide SIL services into a home, the costs associated with repairs and maintenance, upkeep of the building and surroundings, depreciation and rent need to be measured, monitored, and matched to their corresponding revenue source.

Table 8: Summary KPI Results Comparison – All Homes

	FY23 All Homes (863 Homes)	FY22 All Homes (11 Services)	Difference (YoY)
Summary KPI results (\$ per resident per annum)			
SIL service result	\$55,834	\$48,654	↑ \$7,180
Property result	\$1,678	\$4,008	↓ (\$2,330)
Administration and support costs	\$49,208	\$51,519	↓ (\$2,311)
Operating result	\$8,304	\$1,143	↑ \$7,162
Operating margin	3.1%	0.5%	↑ 2.6%
NDIS revenue per NDIS participant per annum	\$241,618	\$202,384	↑ \$39,234
Average vacancy rate	8.5%	11.8%	↓ (3.4%)
Direct staff costs as % of SIL services revenue	75.4%	74.4%	↑ 0.01
Overheads as % operating revenue	20.5%	22.2%	↓ (0.0)
Overheads as % direct costs	27.3%	29.1%	↓ (1.8%)
Workforce KPI results			
Avg base pay rate per hour - FLW	\$45.76	\$46.81	↓ (1.05)
Avg base pay rate per hour - FLS	\$54.07	\$57.47	↓ (3.40)
Span of Control (FTE)	15.7	14.0	↑ 1.7
Ratio of clients to front-line workers (FTE)	0.7	0.7	↓ (0.0)
Productivity rate of front-line staff	88.7%	93.5%	↓ (4.8%)
Agency costs as % staff costs	3.6%	2.8%	↑ 0.8%
Workers compensation expense as % of staff costs	1.8%	2.9%	↓ (1.1%)

The overall improvement in the operating result is due to

- an increase in the SIL services result driven by lower vacancy and higher revenue which offset the increase in direct staff costs
- a reduction in administration and support costs

The property result has decreased significantly due to higher expenses relating to repairs and maintenance and higher depreciation and rent costs.

There is an inverse relationship between agency costs and workers compensation expense. FY23 has seen an increase in agency costs with a reduction in workers compensation expenses.

Table 9: Summary KPI Results Comparison – First Quartile Homes

	FY23 First Quartile (216 Homes)	FY22 First Quartile (249 Homes)	Difference (YoY)
Summary KPI results (\$ per resident per annum)			
SIL service result	\$124,075	\$102,995	↑ \$21,080
Property result	\$1,049	\$6,041	↓ (\$4,993)
Administration and support costs	\$53,055	\$52,936	↑ \$118
Operating result	\$72,069	\$56,100	↑ \$15,969
Operating margin	19.8%	18.6%	↑ 1.2%
NDIS revenue per NDIS participant per annum	\$319,796	\$233,182	↑ \$86,614
Average vacancy rate	8.2%	7.9%	↑ 0.2%
Direct staff costs as % of SIL services revenue	62.6%	60.3%	↑ 0.02
Overheads as % operating revenue	16.5%	18.8%	↓ (0.0)
Overheads as % direct costs	26.1%	30.3%	↓ (4.2%)
Workforce KPI results			
Avg base pay rate per hour - FLW	\$48.08	\$45.21	↑ 2.87
Avg base pay rate per hour - FLS	\$65.00	\$51.76	↑ 13.24
Span of Control (FTE)	20.5	20.8	↓ (0.4)
Ratio of clients to front-line workers (FTE)	0.6	0.7	↓ (0.1)
Productivity rate of front-line staff	92.5%	98.5%	↓ (6.0%)
Agency costs as % staff costs	2.2%	2.5%	↓ (0.3%)
Workers compensation expense as % of staff costs	1.5%	2.6%	↓ (1.0%)

The *First Quartile* homes continued to perform well in FY23 with an average operating margin of 19.8% (up from 18.6% in FY22). This is driven by the revenue increases and lower administration and support costs.

Table 10: Summary KPI Results Comparison – First Quartile vs Last Quartile

	FY23 First Quartile (216 Homes)	FY23 Last Quartile (216 Homes)	Variance
Summary KPI results (\$ per resident per annum)			
SIL service result	\$124,075	(\$1,252)	↑ \$125,327
Property result	\$1,049	(\$265)	↑ \$1,313
Administration and support costs	\$53,055	\$56,850	↓ (\$3,795)
Operating result	\$72,069	(\$58,366)	↑ \$130,435
Operating margin	19.8%	(22.0%)	↑ 41.8%
NDIS revenue per NDIS participant per annum	\$319,796	\$237,442	↑ \$82,354
Average vacancy rate	8.2%	15.7%	↓ (7.6%)
Direct staff costs as % of SIL services revenue	62.6%	97.2%	↓ (0.35)
Overheads as % operating revenue	16.5%	24.1%	↓ (0.1)
Overheads as % direct costs	26.1%	25.0%	↑ 1.2%
Workforce KPI results			
Avg base pay rate per hour - FLW	\$48.08	\$45.28	↑ 2.80
Avg base pay rate per hour - FLS	\$65.00	\$50.66	↑ 14.34
Span of Control (FTE)	20.5	13.7	↑ 6.8
Ratio of clients to front-line workers (FTE)	0.6	0.5	↑ 0.1
Productivity rate of front-line staff	92.5%	86.3%	↑ 6.2%
Agency costs as % staff costs	2.2%	4.2%	↓ (1.9%)
Workers compensation expense as % of staff costs	1.5%	2.0%	↓ (0.5%)

It is important to note that homes in the Last Quartile are making a loss before consideration of administration and support costs and the property result. Direct staff costs as percentage of SIL services revenue is concerningly high for these homes at 97.2%. Revenue is only marginally higher than direct staff wages by 2.8% which means cash reserves are being used to fund the majority of administration and support costs.

When comparing these two quartiles it is evident that there remains a significant gap between the *First Quartile* and *Last Quartile*. A key variance between the *First Quartile* and *Last Quartile* is vacancy with the *Last Quartile* having almost twice the vacancy rate as the *First Quartile*.

The *Last Quartile* has a significantly lower NDIS revenue per NDIS participant per annum whilst the costs as a proportion of revenue are much higher.

The following figure shows the distribution of homes by operating result.

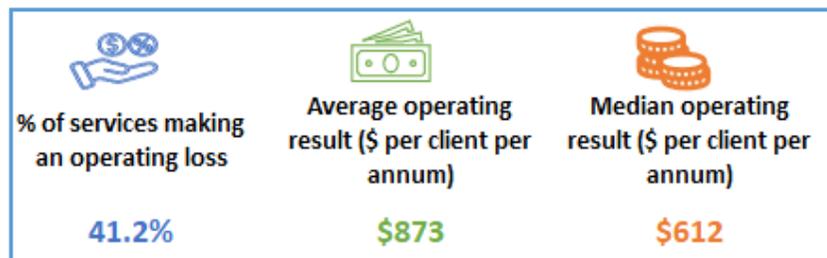
Figure 14: Distribution of SIL homes by operating result (\$)



Key observations

- The distribution of operating results by home ranges significantly with 15% of homes reporting a surplus of more than \$150,000 per resident per annum to 11% of homes reporting a loss of more than \$150,000 per resident per annum
- The most significant cohort is the 20% of homes with an operating result of nil to \$50k per resident per annum
- For loss-making homes, the average loss is \$105,676 and the average profit for profit-making homes is \$121,713
- When you consider the performance of homes at a provider level, the average loss rate across all providers is 33%. This may indicate variations in the profitability of homes within each provider's portfolio. This is supported by the fact that 36% of organisations have homes in every one of the categories listed in the above graph.

Daily Living Non-SIL Performance



Daily Living non-SIL, encompasses assistance with daily life supports together with consumables and transport supports. Most providers are realising a modest surplus in this service, with an average annual operating result of \$873 per client per annum, and a median of \$612 per client per annum.

Table 11: Daily Living (Non-SIL) Summary KPI Results Year on Year

	FY23 ALL Services (17 Services)	FY22 ALL Services (11 Services)	Difference (YoY)
Summary KPI results			
Net result (\$ per client per annum)	\$9,884	\$9,573	↑ \$311
Overheads (\$ per client per annum)	\$9,011	\$8,233	↑ \$778
Operating result (\$ per client per annum)	\$873	\$1,340	↓ (\$467)
Operating margin	2.2%	3.1%	↓ (0.9%)
NDIS revenue (\$ per client per annum)	\$36,816	\$40,863	↓ (\$4,046)
Other revenue (\$ per client per annum)	\$2,063	\$1,850	↑ \$214
Direct staff costs as % of operating revenue	73.5%	76.5%	↓ (2.9%)
Overheads as % operating revenue	23.2%	19.3%	↑ 3.9%
Overheads as % direct costs	31.1%	24.8%	↑ 6.2%
Workforce KPI results			
Avg base pay rate per hour - FLW	\$35.98	\$41.80	↓ (5.82)
Avg base pay rate per hour - FLS	\$49.02	\$45.91	↑ 3.11
Ratio of front-line workers to supervisors (FTE)	29.5	6.1	↑ 23.4
Ratio of clients to front-line workers (FTE)	8.2	7.3	↑ 0.9
Productivity rate of front-line staff	92.3%	88.0%	↑ 4.4%
Workers compensation expense as % of staff costs	2.9%	2.4%	↑ 0.5%

Commentary

In evaluating the performance of this service, a notable factor contributing to the reduction in the operating result from FY22 to FY23 is a 10% decrease in average revenue, despite the pricing increase during that period. Upon closer examination of the data, it becomes evident that this decline is primarily driven by the lower-performing 50% of organisations, which experienced a 10% revenue reduction. The *First 50%* of organisations remained stable.

Within this cohort, the disparity in results between the *First 50%* and *Last 50%* is substantial, with a significant operating margin gap of 19.7% between them. Although the *Last 50%* incurs higher overhead costs by 13.5%, the most substantial impact on operational results stems from the variance in revenue per participant. A comparison of the *First 50%* to the *Last 50%* for FY23 is shown below.

Table 12: Daily Living (Non-SIL) First 50% v Last 50%

	FY23 First 50% (9 Services)	FY23 Last 50% (8 Services)	Variance
Summary KPI results			
Net result (\$ per client per annum)	\$14,274	\$6,480	↑ \$7,793
Overheads (\$ per client per annum)	\$8,820	\$9,158	↓ (\$338)
Operating result (\$ per client per annum)	\$5,453	(\$2,678)	↑ \$8,131
Operating margin	10.7%	(9.0%)	↑ 19.8%
NDIS revenue (\$ per client per annum)	\$47,534	\$28,505	↑ \$19,029
Other revenue (\$ per client per annum)	\$3,213	\$1,171	↑ \$2,041
Direct staff costs as % of operating revenue	70.6%	74.9%	↓ (4.3%)
Overheads as % operating revenue	17.4%	13.6%	↑ 3.7%
Overheads as % direct costs	24.2%	17.9%	↑ 6.3%
Workforce KPI results			
Avg base pay rate per hour - FLW	\$41.16	\$38.72	↑ 2.44
Avg base pay rate per hour - FLS	\$50.10	\$44.12	↑ 5.98
Ratio of front-line workers to supervisors (FTE)	28.8	6.2	↑ 22.6
Ratio of clients to front-line workers (FTE)	2.4	4.1	↓ (1.7)
Productivity rate of front-line staff	91.1%	87.8%	↑ 3.2%
Workers compensation expense as % of staff costs	3.3%	1.9%	↑ 1.4%

Table 13: DL Non-SIL Summary Income & Expenditure Comparison (\$ per client) – Year on Year

	FY23 ALL Services (17 Services) \$ per client	FY22 ALL Services (11 Services) \$ per client
Revenue		
NDIS revenue	36,816	40,863
Other client revenue	2,063	1,850
Total operating revenue	\$38,879	\$42,712
Direct costs		
Direct staff expense	28,595	32,660
Other direct expenses	400	479
Total direct costs	\$28,995	\$33,139
Net margin*	\$9,884	\$9,573
Indirect costs (overheads)		
Corporate recharge	4,758	4,179
Administration & support staff costs	2,111	2,034
Workers compensation premium	909	836
All other administration & support	979	1,124
Total depreciation	255	61
Total indirect costs	\$9,011	\$8,233
OPERATING RESULT	\$873	\$1,340
Operating EBITDA \$ per client per annum	\$1,128	\$1,401

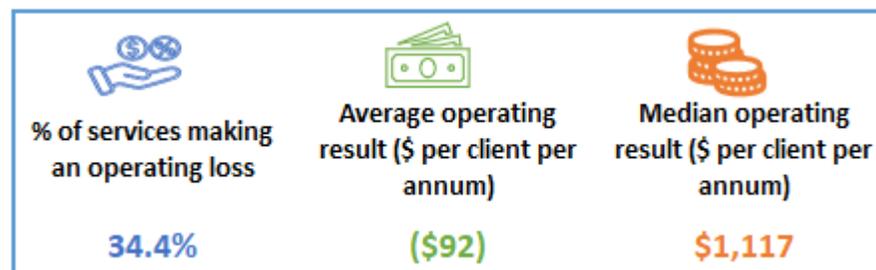
*operating revenue - direct costs

Table 14: DL Non-SIL Summary Income & Expenditure Comparison (\$ per client) – First 50% v Last 50%

	FY23 First 50% (9 Services) \$ per client	FY23 Last 50% (8 Services) \$ per client
Revenue		
NDIS revenue	47,534	28,505
Other client revenue	3,213	1,171
Total operating revenue	\$50,747	\$29,677
Direct costs		
Direct staff expense	35,831	22,985
Other direct expenses	642	212
Total direct costs	\$36,473	\$23,197
Net margin*	\$14,274	\$6,480
Indirect costs (overheads)		
Corporate recharge	3,885	5,434
Administration & support staff costs	2,073	2,141
Workers compensation premium	1,288	614
All other administration & support	1,260	761
Total depreciation	315	208
Total indirect costs	\$8,820	\$9,158
OPERATING RESULT	\$5,453	(\$2,678)
Operating EBITDA \$ per client per annum	\$5,768	(\$2,470)

*operating revenue - direct costs

S&CP Performance



34.4% of services in Social and Community Participation (S&CP), which relates mainly to groups and recreational activities, are making an operating loss, the average operating result is a deficit of \$92 per client per annum.

Table 15: S&CP Summary KPI Results – All services

	Average FY23 (32 Services)	Average FY22 (22 Services)	Difference (YoY)
Summary KPI results			
Net result (\$ per client per annum)	\$8,385	\$6,639	↑ \$1,745
Overheads (\$ per client per annum)	\$8,476	\$8,598	↓ (\$121)
Operating result (\$ per client per annum)	(\$92)	(\$1,959)	↑ \$1,867
Operating margin	(0.3%)	(7.5%)	↑ 7.2%
NDIS revenue (\$ per client per annum)	\$27,892	\$24,160	↑ \$3,732
Other revenue (\$ per client per annum)	\$1,318	\$2,090	↓ (\$772)
Direct staff costs as % of operating revenue	69.1%	69.8%	↓ (0.7%)
Overheads as % operating revenue	29.2%	32.9%	↓ (3.7%)
Overheads as % direct costs	41.0%	44.0%	↓ (3.0%)
Workforce KPI results			
Avg base pay rate per hour - FLW	\$39.14	\$38.58	↑ 0.56
Avg base pay rate per hour - FLS	\$45.42	\$49.09	↓ (3.66)
Ratio of front-line workers to supervisors (FTE)	16.4	9.4	↑ 7.1
Ratio of clients to front-line workers (FTE)	5.6	6.2	↓ (0.5)
Workers compensation expense as % of staff costs	1.8%	1.3%	↑ 0.5%

Commentary

The year-on-year analysis for S&CP shows a strong push by operators to return to surplus with increases in revenue in excess of direct costs. Indirect costs have reduced marginally which, given the increase in CPI from FY22 to FY23 indicates a focus by operators on cost control.

Analysing the *First 50%* compared to the *Last 50%*, it becomes apparent that there may be opportunities for the 34.4% of organisations that are loss-making to return to surplus.

Key focus areas remain revenue optimisation, and direct staff costs. The *First 50%* earns \$7,000 per client per annum more than the *Last 50%*. Direct staff costs as a percent of operating revenue are 15.7% higher in the *Last 50%* with higher average pays rates for Frontline Workers (FLW) and Frontline Supervisors (FLS) together with a lower span of control (ratio of FLW's to FLS's) contributing to this.

Table 16: S&CP Summary KPI Results – First 50% v Last 50%

	First 50% FY23 (16 Services)	Last 50% FY23 (16 Services)	Variance
Summary KPI results			
Net result (\$ per client per annum)	\$12,293	\$5,914	↑ \$6,378
Overheads (\$ per client per annum)	\$9,548	\$7,799	↑ \$1,749
Operating result (\$ per client per annum)	\$2,745	(\$1,884)	↑ \$4,629
Operating margin	8.2%	(7.2%)	↑ 15.4%
NDIS revenue (\$ per client per annum)	\$32,192	\$25,192	↑ \$7,000
Other revenue (\$ per client per annum)	\$1,677	\$1,092	↑ \$585
Direct staff costs as % of operating revenue	60.4%	76.1%	↓ (15.7%)
Overheads as % operating revenue	28.5%	29.8%	↓ (1.3%)
Overheads as % direct costs	44.9%	38.4%	↑ 6.5%
Workforce KPI results			
Avg base pay rate per hour - FLW	\$38.35	\$40.00	↓ (1.65)
Avg base pay rate per hour - FLS	\$44.85	\$45.94	↓ (1.10)
Ratio of front-line workers to supervisors	19.3	13.8	↑ 5.4
Ratio of clients to front-line workers	4.6	6.8	↓ (2.2)
Workers compensation expense as % of staff costs	1.9%	1.8%	↑ 0.1%

Table 17: S&CP Summary Income & Expenditure Comparison (\$ per client) – all services

	FY23 ALL Services (32 Services) \$ per client	FY22 ALL Services (22 Services) \$ per client
Revenue		
NDIS revenue	27,732	24,081
Other client revenue	1,318	2,090
Total operating revenue	\$29,050	\$26,171
Direct costs		
Direct staff expense	20,072	18,270
Other direct expenses	594	1,261
Total direct costs	\$20,666	\$19,531
Net margin*	\$8,385	\$6,639
Indirect costs (overheads)		
Corporate recharge	4,532	4,039
Administration & support staff costs	1,152	1,471
Workers compensation premium	396	266
All other administration & support	1,725	2,225
Total depreciation	671	596
Total indirect costs	\$8,476	\$8,598
OPERATING RESULT	(\$92)	(\$1,959)
Operating EBITDA \$ per client per annum	\$579	(\$1,363)

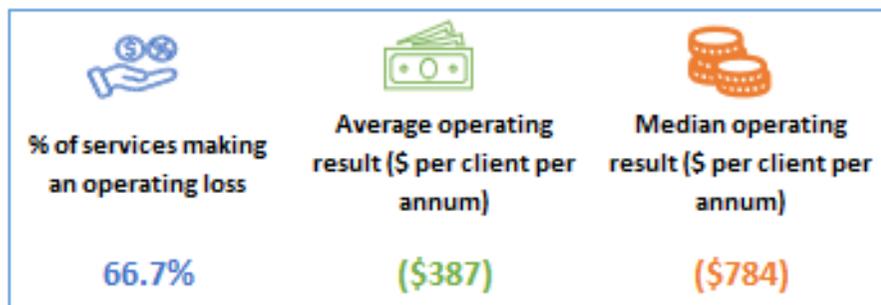
*operating revenue - direct costs

Table 18: S&CP Summary Income & Expenditure Comparison (\$ per client) - First 50% v Last 50%

	FY23 First 50% (16 Services) \$ per client	FY23 Last 50% (16 Services) \$ per client
Revenue		
NDIS revenue	31,875	25,114
Other client revenue	1,677	1,092
Total operating revenue	\$33,552	\$26,206
Direct costs		
Direct staff expense	20,277	19,942
Other direct expenses	982	349
Total direct costs	\$21,259	\$20,291
Net margin*	\$12,293	\$5,914
Indirect costs (overheads)		
Corporate recharge	4,326	4,663
Administration & support staff costs	1,799	743
Workers compensation premium	419	381
All other administration & support	1,973	1,569
Total depreciation	1,030	444
Total indirect costs	\$9,548	\$7,799
OPERATING RESULT	\$2,745	(\$1,884)
Operating EBITDA \$ per client per annum	\$3,775	(\$1,441)

*operating revenue - direct costs

Allied Health Performance



Allied Health has seen a significant profitability decline, shifting from a profit of \$1,462 per client in FY22 to a loss of \$387 per client in FY23. Allied Health is a service that is struggling from a financial viability perspective, and close attention should be paid to ongoing financial management and strategies for improvement.

Table 19: Allied Health Summary KPI Results – All services

	Average FY23 (15 Services)	Average FY22 (11 Services)	Difference (YoY)
Summary KPI results			
Net result (\$ per client per annum)	\$2,437	\$4,865	↓ (\$2,428)
Overheads (\$ per client per annum)	\$2,824	\$3,403	↓ (\$579)
Operating result (\$ per client per annum)	(\$387)	\$1,462	↓ (\$1,849)
Operating margin	(4.6%)	13.4%	↓ (18.0%)
NDIS revenue (\$ per client per annum)	\$7,133	\$7,019	↑ \$114
Other revenue (\$ per client per annum)	\$1,257	\$3,924	↓ (\$2,667)
Direct staff costs as % of operating revenue	68.1%	54.0%	↑ 14.1%
Overheads as % operating revenue	33.7%	31.1%	↑ 2.6%
Overheads as % direct costs	47.4%	56.0%	↓ (8.6%)
Workforce KPI results			
Avg base pay rate per hour - allied health FLW	59.84	51.29	↑ 8.55
Ratio of clients to allied health FLWs (FTE)	34.9	25.2	↑ 9.7
Productivity rate of allied health front-line staff	52.0%	36.2%	↑ 15.8%
Workers compensation expense as % of staff costs	1.1%	0.6%	↑ 0.5%

Commentary

The allied health sector did not experience an increase in NDIS revenue per participant. This can be attributed to the absence of a pricing uplift for this service in the 2022-23 NDIS Price Guide. However, there has been an overall revenue decrease of 23%, largely driven by a noticeable decline in fee-for-service revenue. The reduction in both direct and indirect costs suggests that the fee-for-service revenue stream cross-subsidising NDIS operations.

The *First 50%* of organisations reported a profit of \$46 per client per annum, whereas the *Last 50%* incurred a loss of \$2,421 per client. The primary difference lies in direct staff costs as a percentage of revenue, exhibiting a substantial 30.6% gap between the two groups. It is noteworthy that the *Last 50%* essentially spent almost their entire revenue on direct costs, resulting in a net result of only \$305.

Table 20: Allied Health Summary KPI Results – First 50% v Last 50%

	First 50% FY23 (8 Services)	Last 50% FY23 (7 Services)	Variance
Summary KPI results			
Net result (\$ per client per annum)	\$2,891	\$305	↑ \$2,586
Overheads (\$ per client per annum)	\$2,845	\$2,726	↑ \$119
Operating result (\$ per client per annum)	\$46	(\$2,421)	↑ \$2,467
Operating margin	0.5%	(30.3%)	↑ 30.9%
NDIS revenue (\$ per client per annum)	\$7,613	\$4,878	↑ \$2,735
Other revenue (\$ per client per annum)	\$864	\$3,103	↓ (\$2,239)
Direct staff costs as % of operating revenue	63.0%	93.6%	↓ (30.6%)
Overheads as % operating revenue	33.6%	34.2%	↓ (0.6%)
Overheads as % direct costs	50.9%	35.5%	↑ 15.4%
Workforce KPI results			
Avg base pay rate per hour - allied health FLW	66.15	54.73	↑ 11.43
Ratio of clients to allied health FLWs (FTE)	33.5	36.2	↓ (2.7)
Productivity rate of allied health front-line staff	54.3%	49.8%	↑ 4.5%
Workers compensation expense as % of staff costs	1.0%	1.3%	↓ (0.3%)

Table 21: Allied Health Summary Income & Expenditure Comparison (\$ per client) – all services

	FY23 ALL Services (15 Services) \$ per client	FY22 ALL Services (11 Services) \$ per client
Revenue		
NDIS revenue	7,133	7,019
Fee for service revenue from NDIS participants	149	3,503
Other non-NDIS revenue	1,108	421
Total operating revenue	\$8,390	\$10,943
Direct costs		
Total Allied Health Staff Costs	5,712	5,906
Other direct expenses	241	172
Total direct costs	\$5,953	\$6,078
Net margin*	\$2,437	\$4,865
Indirect costs (overheads)		
Corporate recharge	628	772
Administration & support staff costs	1,107	1,462
Workers compensation premium	76	45
All other administration & support expenses	700	771
Total depreciation	313	354
Total indirect costs	\$2,824	\$3,403
OPERATING RESULT	(\$387)	\$1,462
Operating EBITDA \$ per client per annum	(\$74)	\$1,816

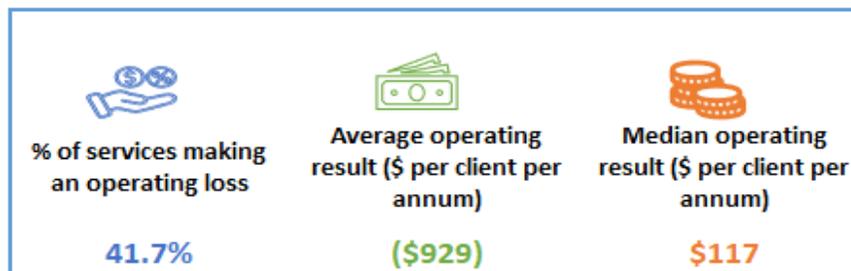
*operating revenue - direct costs

Table 22: Allied Health Summary Income & Expenditure Comparison (\$ per client) - First 50% v Last 50%

	FY23 First 50% (8 Services) \$ per client	FY23 Last 50% (7 Services) \$ per client
Revenue		
NDIS revenue	7,613	4,878
Fee for service revenue from NDIS participants	55	592
Other non-NDIS revenue	809	2,511
Total operating revenue	\$8,477	\$7,981
Direct costs		
Total Allied Health Staff Costs	5,339	7,468
Other direct expenses	248	208
Total direct costs	\$5,586	\$7,676
Net margin*	\$2,891	\$305
Indirect costs (overheads)		
Corporate recharge	420	1,603
Administration & support staff costs	1,246	457
Workers compensation premium	69	106
All other administration & support expenses	765	396
Total depreciation	345	164
Total indirect costs	\$2,845	\$2,726
OPERATING RESULT	\$46	(\$2,421)
Operating EBITDA \$ per client per annum	\$391	(\$2,257)

*operating revenue - direct costs

Employment



The average operating result for Employment is a loss of \$929 per client per annum. Further review of year-on-year analysis (Table 23) suggests the shift away from profitability is because of the increase in staffing both in direct staff expenses (up by 23%) and administration and support staff costs (up by a net of 22%).

Table 23: Employment Summary KPI Results – all services

	Average FY23 (12 Services)	Average FY22 (11 Services)	Difference (YoY)
Summary KPI results			
Net result (\$ per client per annum)	\$6,100	\$7,592	↓ (\$1,491)
Overheads (\$ per client per annum)	\$7,030	\$6,722	↑ \$308
Operating result (\$ per client per annum)	(\$929)	\$870	↓ (\$1,799)
Operating margin	(4.1%)	4.0%	↓ (8.2%)
NDIS revenue (\$ per client per annum)	\$8,880	\$7,761	↑ \$1,120
Other revenue (\$ per client per annum)	\$13,522	\$13,736	↓ (\$214)
Direct staff costs as % of operating revenue	57.1%	48.2%	↑ 8.9%
Overheads as % operating revenue	30.3%	31.3%	↓ (1.0%)
Overheads as % direct costs	49.4%	60.7%	↓ (11.3%)
Workforce KPI results			
Avg total pay rate per hour - supported employees	10.82	8.82	↑ 2.00
Avg base pay rate per hour - FLW	34.57	27.72	↑ 6.85
Avg base pay rate per hour - FLS	47.96	55.24	↓ (7.28)
Ratio of front-line workers to supervisors (FTE)	6.6	5.4	↑ 1.2
Ratio of clients to front-line workers (FTE)	15.9	20.5	↓ (4.6)
Workers compensation expense as % of staff costs	1.2%	1.1%	↑ 0.1%

Commentary

Direct staff costs as a percentage of revenue have risen, and overhead expenses have also increased. These indicators suggest that organisations may be facing challenges in cost management and operational efficiency, warranting further examination and strategic adjustments.

When examining the strategic possibilities for loss-making employment organisations within the cohort, it is important to note that the *Last 50%*, despite achieving significantly higher revenue per client, incurs disproportionately higher direct and indirect staff costs. Specifically, they utilise 64.8% of their operating revenue for these costs, whereas the *First 50%* only utilises 55.5%.

Table 24: Employment Summary KPI Results – First 50% v Last 50%

	First 50% FY23 (6 Services)	Last 50% FY23 (6 Services)	Variance
Summary KPI results			
Net result (\$ per client per annum)	\$4,420	\$9,160	↓ (\$4,740)
Overheads (\$ per client per annum)	\$3,561	\$13,344	↓ (\$9,783)
Operating result (\$ per client per annum)	\$858	(\$4,184)	↑ \$5,043
Operating margin	7.0%	(10.2%)	↑ 17.2%
NDIS revenue (\$ per client per annum)	\$4,206	\$17,389	↓ (\$13,183)
Other revenue (\$ per client per annum)	\$7,987	\$23,598	↓ (\$15,610)
Direct staff costs as % of operating revenue	48.1%	62.0%	↓ (14.0%)
Overheads as % operating revenue	26.3%	32.5%	↓ (6.1%)
Overheads as % direct costs	52.4%	48.1%	↑ 4.3%
Workforce KPI results			
Avg total pay rate per hour - supported employees	8.80	13.85	↓ (5.05)
Avg base pay rate per hour - FLW	32.44	37.13	↓ (4.70)
Avg base pay rate per hour - FLS	44.48	52.13	↓ (7.65)
Ratio of front-line workers to supervisors (FTE)	5.3	8.2	↓ (3.0)
Ratio of clients to front-line workers (FTE)	22.7	7.7	↑ 15.0
Workers compensation expense as % of staff costs	1.4%	1.1%	↑ 0.2%

Table 25: Employment Summary Income & Expenditure Comparison (\$ per client) - year on year

	FY23 All Services (12 Services) \$ per client	FY22 All Services (11 Services) \$ per client
REVENUE		
NDIS revenue	8,880	7,761
Business/ commercial services revenue	10,319	10,965
Other revenue	3,203	2,771
Total operating revenue	\$22,402	\$21,496
COST OF SALES		
Cost of goods sold	2,552	2,821
Gross profit	\$19,851	\$18,675
Direct costs		
Direct staff expense	12,795	10,365
Other direct expenses	955	719
Total direct costs	\$13,750	\$11,083
Net margin*	\$6,100	\$7,592
Indirect costs (Overheads)		
Corporate recharge	2,801	2,902
Administration & support staff costs	984	670
Workers compensation premium	169	125
All other administration & support staff costs	2,371	2,083
Total depreciation	704	943
Total indirect costs	\$7,030	\$6,722
OPERATING RESULT	(\$929)	\$870
Operating EBITDA	(\$225)	\$1,812

*operating revenue - COGS - direct costs

Table 26: Employment Summary Income & Expenditure Comparison (\$ per client) - First 50% v Last 50%

	FY23 First 50% (6 Services) \$ per client	FY23 Last 50% (6 Services) \$ per client
REVENUE		
NDIS revenue	4,206	17,389
Business/ commercial services revenue	5,306	19,445
Other revenue	2,681	4,153
Total operating revenue	\$12,194	\$40,987
COST OF SALES		
Cost of goods sold	1,650	4,193
Gross profit	\$10,543	\$36,794
Direct costs		
Direct staff expense	5,861	25,420
Other direct expenses	263	2,214
Total direct costs	\$6,124	\$27,634
Net margin*	\$4,420	\$9,160
Indirect costs (Overheads)		
Corporate recharge	1,285	5,561
Administration & support staff costs	905	1,128
Workers compensation premium	94	307
All other administration & support staff costs	931	4,993
Total depreciation	347	1,356
Total indirect costs	\$3,561	\$13,344
OPERATING RESULT	\$858	(\$4,184)
Operating EBITDA	\$1,205	(\$2,828)

*operating revenue - COGS - direct costs

Support Coordination

When assessing the results of Support Coordination, it is important to consider the potential impact of the NDIS review, which includes a planned five-year restructuring period for this service.



The current losses are driven by the high direct staff costs as a percentage of total revenue and high overheads as a percentage of total revenue.

Table 27: Support Coordination Summary KPI Results – Year on Year

	FY23 ALL Services (24 Services)	FY22 ALL Services (20 Services)		Difference (YoY)
Summary KPI results				
Net result (\$ per client per annum)	\$461	\$753	↓	(\$292)
Overheads (\$ per client per annum)	\$859	\$878	↓	(\$19)
Operating result (\$ per client per annum)	(\$398)	(\$125)	↓	(\$273)
Operating margin	(10.0%)	(3.3%)	↓	(6.7%)
NDIS revenue (\$ per client per annum)	\$3,855	\$3,688	↑	\$168
Other revenue (\$ per client per annum)	\$123	\$72	↑	\$51
Direct staff costs as % of operating revenue	87.9%	78.4%	↑	9.5%
Overheads as % operating revenue	21.6%	23.4%	↓	(1.8%)
Overheads as % direct costs	24.4%	29.2%	↓	(4.8%)
Workforce KPI results				
Avg base pay rate per hour - FLW	\$49.57	\$42.56	↑	7.01
Avg base pay rate per hour - FLS	\$51.22	\$49.95	↑	1.27
Ratio of support coordinators to front-line supervisors (FTE)	4.5	5.1	↓	(0.63)
Ratio of clients to support coordinators (FTE)	34.8	42.0	↓	(7.1)
Productivity rate of front-line staff	71.6%	68.1%	↑	3.5%
Workers compensation expense as % of staff costs	1.9%	1.3%	↑	0.6%

Commentary

The operating loss is consistently growing on both a per-client basis and as a percentage of services incurring losses, rising from 60% in FY22 to 75% in FY23. While there is an apparent increase in productivity among front-line staff, this is accompanied by a decreasing ratio of front-line staff to supervisors and rising average base rates for both groups. A deeper analysis of the Summary Income & Expenditure Comparison in the table below reveals that the escalating direct and indirect costs are rendering the service financially unsustainable.

Table 28: Support Coordination Summary KPI Results – First 50% v Last 50%

	FY23 First 50% (12 Services)	FY23 Last 50% (10 Services)		Variance
Summary KPI results				
Net result (\$ per client per annum)	\$640	\$285	↑	\$354
Overheads (\$ per client per annum)	\$623	\$1,092	↓	(\$469)
Operating result (\$ per client per annum)	\$17	(\$806)	↑	\$823
Operating margin	0.4%	(20.1%)	↑	20.6%
NDIS revenue (\$ per client per annum)	\$3,922	\$3,790	↑	\$132
Other revenue (\$ per client per annum)	\$33	\$211	↓	(\$178)
Direct staff costs as % of operating revenue	83.4%	92.3%	↓	(8.9%)
Overheads as % operating revenue	15.7%	27.3%	↓	(11.5%)
Overheads as % direct costs	18.8%	29.4%	↓	(10.6%)
Workforce KPI results				
Avg base pay rate per hour - FLW	53.38	45.34	↑	8.03
Avg base pay rate per hour - FLS	49.40	54.23	↓	(4.83)
Ratio of support coordinators to front-line supervisors (FTE)	3.97	5.30	↓	(1.33)
Ratio of clients to support coordinators (FTE)	41.9	27.0	↑	14.8
Productivity rate of front-line staff	0.7	0.7	↑	0.1
Workers compensation expense as % of staff costs	1.4%	2.3%	↓	(0.9%)

Table 29: Summary Income & Expenditure Comparison (\$ per client)

	FY23 ALL Services (24 Services) \$ per client	FY22 ALL Services (20 Services) \$ per client
Revenue		
NDIS Revenue	3,855	3,688
Fee-for-service revenue from NDIS participants	100	25
Non-NDIS disability services revenue	14	0
Other non-NDIS revenue	9	47
Total operating revenue	\$3,978	\$3,760
Direct costs		
Total direct staff costs	3,497	2,949
Other direct expenses	21	58
Total direct costs	\$3,517	\$3,007
Net margin*	\$461	\$753
Indirect costs (overheads)		
Corporate recharge	599	423
Administration & support staff costs	25	236
Workers compensation premium	68	42
All other administration & support expenses	153	163
Total depreciation	15	13
Total indirect costs	\$859	\$878
OPERATING RESULT	(\$398)	(\$125)
Operating EBITDA \$ per client per annum	(\$383)	(\$112)

*operating revenue - direct costs

Table 30: Summary Income & Expenditure Comparison (\$ per client)

	FY23 First 50% (12 Services) \$ per client	FY23 Last 50% (12 Services) \$ per client
Revenue		
NDIS Revenue	3,922	3,790
Fee-for-service revenue from NDIS participants	1	197
Non-NDIS disability services revenue	26	2
Other non-NDIS revenue	6	12
Total operating revenue	\$3,955	\$4,001
Direct costs		
Total direct staff costs	3,297	3,692
Other direct expenses	18	23
Total direct costs	\$3,315	\$3,715
Net margin*	\$640	\$285
Indirect costs (overheads)		
Corporate recharge	429	767
Administration & support staff costs	29	20
Workers compensation premium	47	87
All other administration & support expenses	101	203
Total depreciation	16	14
Total indirect costs	\$623	\$1,092
OPERATING RESULT	\$17	(\$806)
Operating EBITDA \$ per client per annum	\$33	(\$792)

*operating revenue - direct costs

3. GLOSSARY

Administration expenditure

Also, administration and support services costs or administration costs. Administration expenditure include the direct costs related to administration and support services such as corporate recharge, administration and support staff cots, education and quality control expenses, insurances, technology, and other administrative expenses.

Allied health

This is one of the service types benchmarked. Allied health refers to services provided to NDIS participants that receive capacity building daily activities supports (therapy supports). It also includes fee-for-service NDIS and non-NDIS clients receiving services from allied health professionals.

Averages

For SIL Services all averages are calculated using the total of the raw data submitted for any one-line item and then dividing that total by the total occupied bed days for the homes in the group. For example, the average for NDIS SIL supports across all homes would be the total amount submitted for that line item divided by the total occupied bed days for all homes in the Benchmark.

For other non-SIL disability services all averages are calculated using the total of the raw data submitted for any one-line item and then dividing that total by the total clients for the services in the group. For example, the average for sub-contracted staff costs across all services would be the total amount submitted for that line item divided by the total clients for all services in the Benchmark.

Average by line item

This measure is averaged across only those homes/services that provide data for that line item. All other measures are averaged across all the homes in the particular group. The average by line item is particularly useful for line items such as Fees from private clients / fee for service, allied health by each professional category as these items are not included by everyone.

Bed Day

The number of days that a bedroom in a SIL home is occupied in the Benchmark period.

Benchmark

Benchmark is the abbreviation used in relation to the StewartBrown Disability Services Financial Performance Benchmark

Billable hours

Hours worked by employees that were billed – this includes face to face supports and billable non-face to face supports as well as billable travel time (ie chargeable hours). Where one hour is spent delivering supports to more than 1 client (e.g. at a 1 to 3 ratio), the billable time is 1 hour (the total service hours is 3 hours).

Cash and financial assets as percentage of debt

Cash and financial assets as a percentage of debt (current and non-current borrowings). This is calculated from the balance sheet of the organisation.

Clients

Refers to all NDIS participants and non-NDIS disability clients receiving disability services. SIL clients may sometimes be referred to as residents.

Corporate overheads

See 'Overheads.'

Corporate overheads as % of direct costs

See 'Overheads as % of direct costs.'

Corporate overheads as % of operating revenue

See 'Overheads as % of operating revenue.'

Daily Living Non-SIL

This is one of the service types benchmarked. Daily Living Non-SIL encompasses those NDIS participants not in SIL receiving core daily activities supports; NDIS participants receiving core - consumables and transport supports; NDIS participants receiving capital supports - assistive technology and home modifications (excluding SDA) plus any fee-for-service clients.

Direct costs

Direct costs are expenses that are directly linked to the provision of services. Direct costs include direct staff (see 'direct staff') costs and other direct expenses such as direct consumables, program expenses, client, and transport expenses. They are the opposite of indirect costs. See 'indirect costs.'

Direct staff

Employees within an organisation that are directly involved in the delivery of services. This includes front-line workers and front-line supervisors, as well as agency and sub-contracted service staff. See 'front-line workers' and 'front-line supervisors.'

Direct staff costs as % of operating revenue

Direct staff (see 'direct staff') costs as percentage of operating revenue (see 'operating revenue.')

Dollars per bed day

This is the common measure used to compare items across SIL homes (homes). The denominator used in this measure is the number of occupied bed days for any home or group of homes.

Dollars per client

This is the common measure used to compare items across services. The denominator used in this measure is the number of client days for any services or group of services.

Dollars per client per annum

Dollars per client per annum is a financial metric that quantifies the average amount of money an organisation generates from or spends on each of its clients over the course of a year. $\text{Dollars per Client per Annum} = \text{Revenue (or expenses)} / \text{total number of clients/ days in the reporting period} * \text{days in the year}$

Dollars per resident per annum

Dollars per resident per annum is a financial metric that quantifies the average amount of money an organisation generates from or spends on each of its SIL resident over the course of a year. $\text{Dollars per resident per Annum} = \text{Revenue (or expenses)} / \text{total number of residents/ days in the reporting period} * \text{days in the year}$

DSW

Disability Support Worker

EBA

Enterprise Bargaining Agreement

EBITDA

This measure represents earnings before interest (including investment revenue), taxation, depreciation, and amortisation. The calculation excludes interest (and investment) revenue as well as interest expense on borrowings.

The main reason for this is to achieve some consistency in the calculation. Different organisations allocate interest and investment revenue differently at the services level. To ensure that the measure is consistent across all organisations we exclude these revenue and expense items.

EBITDA per resident (or client) per annum

Calculation of the overall home/ service EBITDA for the financial year to date divided by the number of clients in the home/ service respectively.

Employment

This is one of the service types benchmarked. This includes Supported Employment, Transition Programs and Open Employment services. See also 'Supported Employment.'

First 50%

The *First 50%* refers to the *First Quartile* and *Second Quartile* combined. See '*First Quartile*.'

First Quartile

The homes/services results are distributed for the Benchmark period from highest to lowest by operating result. This is then divided into quartiles - the First 25% (the *First Quartile*), second 25%, third 25%, fourth 25% (*Last Quartile*) and the average of each quartile is reported. The *First Quartile* represents the quartile of homes/services with the highest operating result.

Front-line staff

Front-line staff include both front-line workers and front-line supervisors. See 'front-line workers' and 'front-line supervisors.'

Front-line supervisor (FLS)

Front-line supervisors will typically be team leaders, direct managers, or supervisors of front-line workers.

Front-line worker (FLW)

Typically, disability services front-line workers will be Disability Support Workers (DSW), nurses or allied health that directly service NDIS participants and non-NDIS clients.

Indirect costs

Indirect costs are expenses that are not directly related to the provision of services. They include indirect staff (see 'indirect staff') costs, utilities, rent, depreciation, and other administration & support costs.

Indirect staff

Employees within an organisation who are not directly involved in the production or provision of goods and services, but who perform essential tasks that support the overall operations of the business. Indirect staff roles include administrative assistants, human resources personnel, finance and accountings staff, IT support staff, marketing, and sales teams etc.

Last Quartile

The homes/services results are distributed for the Benchmark period from highest to lowest by operating result. This is then divided into quartiles - the First 25% (the *First Quartile*), second 25%, third 25%, fourth 25% (*Last Quartile*) and the average of each quartile is reported. The *Last Quartile* represents the quartile of homes/services with the lowest operating result.

Median

The median is the middle value of a sorted list of numbers. To find the median, place the numbers in value order and find the middle number. Statistically, the median is the 50th percentile. This is different from the *First 50%*. See '*First 50%*'.

Months of spending

Months of spending (current assets - current liabilities)/ (total expenses - depreciation) *12 establishes the number of months of cash available to cover expenditure. This may indicate a reliance on timely receipt of payments.

NDIA

National Disability Insurance Agency (the Agency)

NDIS

National Disability Insurance Scheme (the Scheme)

NDIS participant

A person who meets the NDIS access requirements.

NDIS revenue

NDIS revenue refers to an amount paid under the NDIS in respect of reasonable and necessary supports funded under a NDIS participant's NDIS plan and received by the disability services provider upon delivery of such supports.

NDIA revenue concentration

NDIS revenue as a percentage of operating revenue

Net Margin Result

Net margin result is calculated as total operating revenue (see 'Operating revenue') less direct costs (see 'direct costs') and represents the net result from revenue and expenses directly associated with care services.

Non-recurrent revenue and expenses

Non-recurrent revenue and expenses not considered part of the core ongoing activities of the business. This includes but is not limited to donations, bequests and fundraising, grants received for capital purposes, fair value gains/ losses on financial assets and other assets, impairment, gains/losses on disability of assets, COVID-19 revenue, and expenses.

Occupied bed days

See 'bed days,'

Operating EBITDA

This is EBITDA (see 'EBITDA') excluding all non-recurrent revenue and expenses (see 'non-recurrent revenue and expenses').

Operating EBITDA return on assets

Operating EBITDA return on assets measures the profitability and efficiency of an organisation's operations relative to its total assets. Operating EBITDA Return on

Assets = (Operating EBITDA / Average total assets for current and prior year). See also 'Operating EBITDA.'

Operating margin

Operating margin is operating result as a percentage of operating revenue. See 'operating result' and 'operating revenue.'

Operating result

Total operating revenue subtracting the operating expenses.

Operating result return on assets

Operating result return on assets = (Operating result / Average total assets for current and prior year). See also 'operating result.'

Operating revenue

The revenue a company generates from its primary business activities. Operating revenue excludes other types of revenue that are not directly tied to the company's core operations, such as trust distributions, donations and bequests, interest earned on bearing investments and other non-recurrent revenue. See 'non-recurrent revenue and expenses.'

Other allied health professional category A

Allied health professions were determined by the NDIA 2022-23 pricing model and then grouped into similar categories where the number of data points was less than 5. Category A includes Art Therapist, Audiologist, Developmental Educator, Dietician, Early Childhood Professional, Music Therapist, Optometrist and Orthoptist, Physiotherapist, osteopath and chiropractor, Podiatrist, Rehabilitation Counsellor, and Social Worker.

Other allied health professional category B

Allied health professions were determined by the NDIA 2022-23 pricing model and then grouped into similar categories where the number of data points was less than 5. Include Counsellor, Exercise Physiologist, Clinical Nurse, Clinical Nurse Consultant, Nurse Practitioner, Registered Nurse, and Enrolled Nurse.

Overheads

Overheads in this report refers to corporate overheads. The corporate overhead reflects both the directly attributable administration costs to a service as well as a

corporate recharge. The directly attributable administration costs may include administration staff costs, education & quality control expense, workers compensation and general insurances, rent and property outgoings, utilities, interest expenses, technology expenses, motor vehicle expenses amongst others. The corporate recharge depends on the structure and methodology of each participating organisation and include some or all of the aforementioned costs.

Overheads as % of direct costs

Overheads (see 'Overheads') as a percentage of direct costs (see 'direct costs').

Overheads as % of operating revenue

Overheads (see 'Overheads') as a percentage of operating revenue (see 'Operating revenue').

Provider

An organisation who has products or services to help participants pursue the goals in their plan. Participants can choose their providers and change providers at any time, this is also known as choice and control.

Registered provider

A disability support provider that has met the NDIS requirements for qualifications, approvals, experience, capacity, and quality standards to provide a product or service. See 'Provider.'

Resident

NDIS participants (clients) and non-NDIS clients residing in the SIL homes.

S&CP

Social and community participation is one of the service types benchmarked. It includes NDIS participants receiving core social participation support at individual and group level and any non-NDIS clients receiving similar services.

SCHADS Award

Social, Community, Home Care and Disability Services Award

SDA

Specialist disability accommodation is a range of housing designed for people with extreme functional impairment or very high support needs. We do not benchmark organisations that engage solely in SDA (ie as property investments). SIL homes in

the Benchmark include all homes where SIL services are delivered whether owned or rented, whether an SDA home or not.

Sector

The organisations and companies providing disability support services and the peak bodies that represent them.

SIL

Supported independent living is one type of support to help you live in your home. It includes help or supervision with daily tasks, like personal care or cooking meals. It helps you live as independently as possible, while building your skills. Supported independent living is for people with higher support needs, who need some level of help at home all the time.

SIL homes

Individual discrete premises that the disability provider uses for the delivery of SIL and SIL-like services to NDIS participants. May sometimes be referred to as a 'site'. Providers may receive only SIL revenue or a combination of SIL and SDA revenue. Detailed reports by these data characteristics are available to Benchmark participants.

SIL service result

Revenue from the provision of SIL supports and other SIL-like services to the residents in the SIL home less all direct care expenses (staff and non-staff expenses).

Span of control

Refers to the ratio of front-line workers to front-line supervisors.

Supports

Refers to NDIS supports. Supports are things to help a person undertake daily life activities and enable them to participate in the community and pursue their goals. NDIS provides or funds these supports to help a person's disability support needs. They make take the form of services, items and/or equipment.

Support Coordination

This is one of the service types benchmarked and refers to the services provided to NDIS participants receiving support coordination supports.

Supported Employment

Supported employment services means services to support the paid employment of people with disabilities. They support people: for whom competitive employment (at or above the relevant award wage) is unlikely; and who, because of their disabilities, need substantial ongoing support to obtain or keep paid employment. This definition is part of the Disability Services Act 1986 s.7

Total staff costs as % of operating revenue

Total staff costs include direct staff costs and indirect staff costs as a percentage of operating revenue. See also 'direct staff,' 'indirect staff' and 'operating revenue.'

Productivity rate

The percentage of time an employee spends on billable tasks compared to their total available hours for service delivery (ie worked hours excluding other hours such as training and forms of leave). Productivity Rate = billable hours / (normal hours + overtime hours + agency hours + contracted hours).

Vacancy rate

Average vacancy rate is the number of vacant days in the period divided by the number of available days in the period. Number of vacant days are sum of all vacant days (days the bedroom has no resident) for all resident bedrooms in the home during the period. Number of available days are sum of all available days (days the bedroom is available for potential residents) for all resident bedrooms in the home during the period.

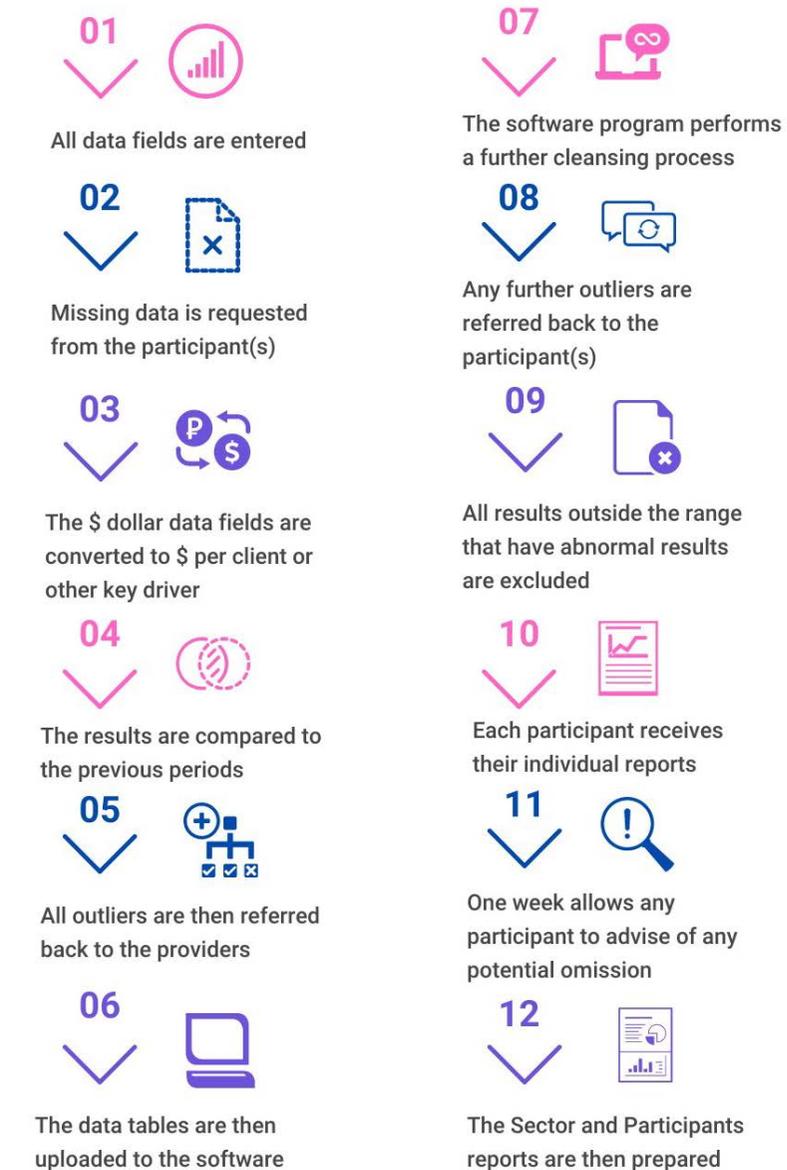
Workers' compensation as % staff costs

The proportion of an organisation's workers' compensation expenses in relation to its total staff costs (include labour costs, agency & contracted staff costs and fees, workers compensation premium, payroll tax and fringe benefits tax).

Data Collection Process



Data Cleansing Process



StewartBrown Contact Details

For further analysis of the information contained in the Benchmark report please contact our specialist analyst team



StewartBrown Disability Services Team

Stuart Hutcheon
Partner - Audit and Consulting Divisions
Stuart.Hutcheon@stewartbrown.com.au

Siobhain Simpson
Partner - Audit and Consulting Divisions
Siobhain.Simpson@stewartbrown.com.au

Tracy Thomas
Director - Consulting Division
Tracy.Thomas@stewartbrown.com.au

Sabrina Qi
Senior Business Analyst
Sabrina.Qi@stewartbrown.com.au

Steven Toner
Benchmark Administrator
Steven.Toner@stewartbrown.com.au

StewartBrown Aged Care Executive Team

Grant Corderoy
Senior Partner - Consulting Division
Grant.Corderoy@stewartbrown.com.au

David Sinclair
Partner - Consulting Division
David.Sinclair@stewartbrown.com.au

Chris Parkinson
Partner – Consulting Division
Chris.Parkinson@stewartbrown.com.au

Jimmy Gurusinga
Senior Manager - Consulting Division
Jimmy.Gurusinga@stewartbrown.com.au

Reece Halters
Director - IT Division
Reece.Halters@stewartbrown.com.au

Office Details.

Level 2, Tower 1
495 Victoria Avenue
Chatswood NSW 2067
T: +61 2 9412 3033
F: +61 2 9411 3242

benchmark@stewartbrown.com.au
www.stewartbrown.com.au

Aged Care and Disability Analysts, IT and Administration Team

Pushpam Vellopillai Manager	Robert Krebs Manager	Kieron Brennan Business Analyst Team Leader	Raymond Lamoridan Business Analyst
Cassie Yu Business Analyst	Joyce Jiang Business Analyst	Ritika Lall Business Analyst	Vega Li Business Analyst
Nathan Ryan Business Analyst	Teanne Lundie Business Analyst	Annette Greig Systems Accountant	Rhys Terzis Systems Analyst
Brigid Echikwu Data Analyst	Vicky Stimson Survey Administrator	Lachlan Scott Survey Administrator	Rachel Corderoy Events, Marketing & Media